



RUNNING SPRINGS WATER DISTRICT  
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206  
Running Springs, CA 92382

TO: BOARD OF DIRECTORS                      DATE POSTED:                      NOVEMBER 12, 2021  
RE: REGULAR BOARD MEETING                      FROM:                      BOARD SECRETARY

The Regular Meeting of the Board of Directors of the Running Springs Water District will be held on Wednesday, November 17, 2021, at the hour of 9:00 am at the District Office located at 31242 Hilltop Boulevard, Running Springs, California. This agenda was posted prior to 5:00 pm on November 12, 2021 at the Running Springs Water District Office and Website.

Pursuant to AB 361 and state and local recommendations of social distancing in response to the COVID-19 emergency, the meeting will be conducted as a hybrid (in-person and via Zoom) meeting. In-Person Public Participation: Members wishing to attend the meeting in-person should be prepared to wear a face covering.

To join the meeting:

<https://us02web.zoom.us/j/85070214961?pwd=RE5PTnFIR0NQQlFiU2QwNUcraFI5dz09>

Dial:

669-900-6833

Meeting ID: 850 7021 4961

Passcode: 817239

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Amie Crowder, Board Secretary at 909-867-2766 at least 48 hours before the meeting, if possible.

Copies of documents provided to members of the Board for discussion in open session may be obtained from the District at the address indicated above.

**AGENDA**

1. Call Meeting to Order and Pledge of Allegiance
2. Recognize and Hear from Visitors / Public Comment - This portion of the agenda is reserved for the public to make comments on matters within the jurisdiction of the Running Springs Water District that are **not on the agenda**. The Board, except to refer the matter to staff and/or place it on a future agenda, may take no action. It is in the best interest of the person speaking to the Board to be concise and to the point. A time limit of five minutes per individual will be allowed. Any person wishing to comment on an item that is on the agenda is requested to complete a request to speak

form prior to the item being called for consideration or to raise their hand and be recognized by the Board President.

3. Approval of Consent Items – The following consent items are expected to be routine and non-controversial and will be acted on at one time without discussion unless an item is withdrawn by a Board Member for questions or discussion. Any person wishing to speak on the consent agenda may do so by raising his/her hand and being recognized by the Board President.

- A. Approve Meeting Minutes **Page 3**
- B. Ratify Expenditures and Cash Summary **Page 7**
- C. Consider Reaffirming Resolution No. 11-21 and Authorizing Virtual Board and Committee Meetings Pursuant to AB 361 **Page 16**
- D. Consider Adoption of Corrected Resolution Nos. 12-21 and 13-21 for the Reduction of Employer Paid Member Contributions to the California Public Employees’ Retirement System for Classic and Safety Members **Page 20**

4. Action Items – The following action items will be considered individually, and each **require a motion** by the Board of Directors for action.

- A. Consider Receiving, Filing and Authorizing the Distribution of the District’s Fiscal Year 2020-2021 Annual Financial Report and Audit Results **Page 23**  
(Presenter: Van Lant & Fankhanel)
- B. Financial Presentation **Page 129**  
(Presenter: RAMS)
- C. Consider Cost Share for Weather Modification Pilot Program **Page 149**  
(Presenter: Ryan Gross, General Manager)

5. General Manager’s Report
6. Legal Counsel’s Report
7. Board Member Comments/Meetings
8. Meeting Adjournment

Upcoming Meetings: Regular Board Meeting, December 15, 2021 at 9:00 am

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 17, 2021

**TO:** Board of Directors

**FROM:** Amie Crowder, Administration Supervisor, Board Secretary, Treasurer  
Ryan Gross, General Manager

**SUBJECT:** CONSIDER APPROVING MEETING MINUTES

**RECOMMENDATION**

It is recommended that the Board of Directors review and approve the attached meeting minutes.

**REASON FOR RECOMMENDATION**

Approval of meeting minutes.

**BACKGROUND INFORMATION**

The attached draft meeting minutes are from the Regular Board Meeting held on October 20, 2021.

**ATTACHMENTS**

Attachment 1 – Draft Meeting Minutes for Regular Board Meeting held on October 20, 2021

**MINUTES – October 20, 2021  
PAGE 1 OF 3**

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
October 20, 2021**

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A Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, October 20, 2021, at the hour of 9:00 A.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California, and through teleconference.

The following Directors were present at the District:

Mike Terry, Vice-President  
Mark Acciani, Director  
Bill Conrad, Director  
Laura Dyberg, Director

Also present at the District were the following:

Ryan Gross, General Manager  
Cindy Strebel, Battalion Chief  
Trevor Miller, Operations Manager  
Amie R. Crowder, Board Secretary/Treasurer/Administration Supervisor  
Ward Simmons, Legal Counsel

The following were absent:

Errol Mackzum, President  
Tony Grabow, Interim Fire Chief

No visitors were present at the District

**MEETING MINUTES**

**AGENDA ITEMS**

**1. Call Meeting to Order and Pledge of Allegiance**

The meeting was called to order at 9:00 A.M. by Vice-President Mike Terry. Pledge of Allegiance by Vice-President Terry.

**2. Recognize and Hear from Visitors/Public Comment**

No public comment.

**3. Approval of Consent Items**

**A. Approve Meeting Minutes**

**B. Ratify Expenditures**

Battalion Chief Cindy Strebel notated item 3.B on page 5 of the Board Packet should read PC832 instead of PC32. Secretary Amie R. Crowder acknowledged the correction to be made.

Upon **motion** by Director Acciani, **second** by Director Conrad and **carried by a 4 to 0 vote**, the Consent Items were approved.

**4. Action Items**

The following action items will be considered individually, and each **require a motion** by the Board of Directors for action.

**A. Consider Authorizing Matching Funds Expenditure for Fiscal Year 2020 Assistance to Firefighters Grant (AFG) for Source Capture Exhaust Extraction Systems**

Battalion Chief Cindy Strebel reviewed the staff's recommendation and provided a technical overview of the system.

Upon **motion** by Director Dyberg, **second** by Director Conrad and **carried by a 4 to 0 vote**, Authorizing Matching Funds Expenditure for Fiscal Year 2020 Assistance to Firefighters Grant (AFG) for Source Capture Exhaust Extraction Systems, in the amount of \$6,186, was approved.

**B. Consider Adopting Expenditures for Various Wastewater Division Projects**

Operations Manager Trevor Miller reviewed the staff's recommendation and information in the staff report, in detail.

Upon **motion** by Director Acciani, **second** by Director Conrad **carried by a 4 to 0 vote**, Adopting Expenditures for Various Wastewater Division Projects, in the amount of \$88,002, was approved.

**C. Consider Adoption of Resolution No. 11-21 to Continue Virtual Meetings Pursuant to AB 361**

Manager Gross presented the contingency resolution with explanation of how frequently this will need to be adopted. Ward Simmons, Legal Counsel, Best, Best & Krieger, provided explanation that upon the current State of Emergency being lifted, virtual meeting will no longer be permitted.

Upon **motion** by Director Dyberg, **second** by Director Acciani and **carried by a 4 to 0 vote**, Adoption of Resolution No. 11-21 to Continue Virtual Meetings Pursuant to AB 361, was adopted (Resolution No. 11-21 on file in the District Office).

**5. Informational Items**

**A. Quarterly Budget/Financial Update**

Manager Gross summarized the information in the staff report.

**B. Quarterly Operations Report**

Manager Gross summarized the information in the staff report.

**C. Quarterly Investment Report**

Manager Gross summarized the information in the staff report.

**6. General Manager’s Report**

Manager Gross reported updates on the following items: the Nob Hill Construction Project is progressing well, the different WWTP projects, the District Main Office exterior and interior painting project, and informed the Board that the District had applied for relief for unpaid water bills related to the pandemic through the State Water Resources Control Board Water and Wastewater Arrearage Payment Program. If approved, we expect to receive approximately \$16,000.

**7. Report from Legal Counsel**

Ward Simmons, Legal Counsel, Best, Best & Krieger reported SB 323 has been adopted and takes effect January 1, 2022 which limits the period for rate payers to challenge water or wastewater rates to 120 days. Ward continued to report that SB 155, which includes the moratorium on water shut offs, has been extended until at least December 31, 2021.

**8. Board Member Comments/Meetings**

No comments.

**9. Meeting Adjourned**

The meeting was adjourned at 9:37 A.M.

Respectfully Submitted,

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President, Board of Directors  
Running Springs Water District

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Secretary of the Board of Directors  
Running Springs Water District

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 17, 2021  
**TO:** Board of Directors  
**FROM:** Ryan Gross, General Manager  
**SUBJECT:** RATIFY EXPENDITURES

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors review the attached accounts payable check register and ratify the District's October 2021 expenditures.

A copy of the District's Cash Reserve Fund Summary as of October 31, 2021, the Pooled Cash Balance History and Fire Department Operating Reserve Fund History is also included for review and information.

**REASON FOR RECOMMENDATION**

Each month staff presents the monthly check register and recommends that the Board of Directors ratify the District's expenditures.

**FISCAL INFORMATION**

Refer to attachments.

**ATTACHMENTS**

- Attachment 1 – Accounts Payable Check Register
- Attachment 2 – Cash Summary
- Attachment 3 – Pooled Cash Balance History
- Attachment 4 – Fire Department Operating Reserve Fund History

# Running Springs Water District

## Accounts Payable Checks

### October 2021

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
2 Hot Uniforms inc	Safety gear-Bryer	10/05/21	222.93	106516	222.93
Action Auto Repair Inc	Tires for Utility vehicle	10/05/21	465.19	106517	465.19
	Mount studded tires on MA50	10/19/21	150.00	106575	150.00
Albert A. Webb Associates	Labor-Respond to RFI's/RFC's	10/19/21	395.00	106576	4,890.00
	Professional Services thru 9/25/21-Labor	10/19/21	4,495.00	106576	
Allstar Fire Equipment	Lock Plug & Pressure Gauge	10/05/21	160.04	106518	160.04
	Nomex Brust Pants for GM	10/12/21	278.27	106547	621.83
	Blue Fire Helmet	10/12/21	343.56	106547	
	Low Angle Rescue Gear	10/19/21	419.14	106577	419.14
American Family Life Assurance Company of Colum	Additional Insurance Premiums October 2021	10/28/21	143.26	DFT0001614	143.26
Amie Crowder	Reimbursement Claim	10/05/21	60.00	106519	60.00
	Reimbursement Claim	10/27/21	90.00	106606	90.00
Anthony Grabow	Drawer parts reimbursement	10/05/21	19.55	106520	19.55
Aramark	Cleaning Supplies September 2021	10/12/21	455.60	106548	455.60
Arrowbear Park County Water District	Purchased Water September 2021	10/12/21	4,159.00	106549	4,159.00
Bacon/Wagner Excavating, Inc.	Hauling of Bio to Liberty	10/19/21	1,440.00	106578	2,240.00
	Hauling of Bio to One Stop	10/19/21	800.00	106578	
	Temp Asphalt delivered	10/27/21	1,961.95	106607	2,361.95
	Hauling of Bio to One Stop	10/27/21	400.00	106607	
Best, Best & Krieger LLP	Legal Services September 2021	10/05/21	152.90	106521	152.90
BURR Group Inc.	Trash Services Station 50 September 2021	10/05/21	148.12	106522	537.22
	Trash Service District Office/Station 51 Sept 21	10/05/21	389.10	106522	
	Trash Bin and Charges September 2021	10/12/21	933.77	106550	933.77
California Computer Options Inc	District Telephones Sept-Oct 2021	10/05/21	634.62	106523	634.62
	Server Replacement	10/12/21	20,750.39	106551	23,971.64
	Network Maintenance and Monitoring Oct 21	10/12/21	3,221.25	106551	
California Water Environment Association	Association Membership Dues -B. Hannay	10/12/21	192.00	106552	192.00
CalPERS	Health Insurance Preimums October 2021	10/05/21	16,069.75	DFT0001596	16,069.75
	Employer Contribu Class/Pepra Safety/Misc PPE 9/	10/05/21	21,386.40	DFT0001597	21,386.40
	Employer Contributions Class/Pepra Misc/Safe 104	10/27/21	21,264.87	DFT0001613	21,264.87
Canon	Monthly Service Charge and Usage October 2021	10/27/21	386.58	106608	386.58
Charter Communitcations	Internet Charges Oct 21 Dist Office/Station 51	10/19/21	227.79	106579	227.79
	Internet Oct-Nov 2021- Collections Building	10/27/21	82.97	106609	205.94
	Internet Oct-Nov 2021 Station 50	10/27/21	122.97	106609	
Citibank, N.A.	Miscellaneous Parts and Supplies	10/12/21	197.69	106553	197.69
	Miscellaneous Office Supplies	10/27/21	171.79	106610	988.11
	STAPLES- OFFICE SUPPLIES	10/27/21	816.32	106610	
ConFire JPA	Dispatching and supplies Oct-December 21	10/12/21	14,037.23	106554	14,037.23
Consolidated Electrical Distributors, Inc	Fuses	10/05/21	27.21	106524	27.21
County of San Bernardino	Lien Release	10/19/21	20.00	106580	20.00
	Dump Fees October 2021	10/19/21	25.26	106581	25.26
Crestline-Lake Arrowhead Water Agency	Purchased water September 2021	10/05/21	33,964.32	106525	33,964.32
	Annual Meter Connection Fee -Avain	10/27/21	2,171.00	106611	21,398.00
	Annual Meter Connection 4"T meter	10/27/21	6,085.00	106611	
	Annual Meter Connect 2" T Meter	10/27/21	983.00	106611	



Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Crestline-Lake Arrowhead Water Agency	Annual Meter Connection Nob Hill	10/27/21	12,159.00	106611	21,398.00
Cypress Ancillary Benefits	Dental Insurance Premiums November 2021	10/27/21	1,006.23	106612	1,006.23
Dixi Willemse	Reimbursement Claim	10/05/21	21.39	106526	428.39
	Reimbursement Claim	10/05/21	407.00	106526	
	Reimbursement Claim	10/27/21	453.04	106613	453.04
Don's Auto Inc	Shift Indicator Repair	10/27/21	225.00	106614	225.00
Endress & Hauser Inc	EQ basin flow meters	10/12/21	865.42	106555	865.42
	MBR 1 flow meter parts	10/27/21	2,471.97	106615	2,471.97
ERLA INC	Annual gurney and stair chair service	10/05/21	1,075.10	106527	1,075.10
Federal Express Corporation	Shipping Charges	10/27/21	93.27	106616	109.81
	Returning Ambulance Supplies	10/27/21	16.54	106616	
Fire Fighters Association	October 2021 Association Dues	10/19/21	700.00	106582	700.00
Frontier Communications	Telephone Charges - Booster,PLnt, LS's Oct 21	10/19/21	1,075.44	106583	1,075.44
GM Excavating, INC.	Nob Hill Water Project	10/12/21	37,790.05	106556	37,790.05
Grant Dahler	Driver Operator 1A Class Reimbursement	10/27/21	210.00	106617	210.00
Hach Company	pH probe, analog expansion	10/05/21	1,350.01	106528	1,350.01
	pH probe, analog expansion	10/12/21	454.71	106557	454.71
Hadronex, Inc.	smart cover battery	10/19/21	427.06	106584	427.06
Harrington Industrial Plastics LLC	MISC PVC parts MBR upgrade	10/05/21	874.05	106529	1,939.64
	MISC PVC parts MBR upgrade	10/05/21	1,065.59	106529	
	Valves, Bushings, Floange, Couplings	10/12/21	2,944.44	106558	4,005.45
	Miscellaneous parts and supplies	10/12/21	1,061.01	106558	
HD Supply Facilities Maintenance LTD	Manhole Cover Hook	10/12/21	-68.91	106559	115.94
	Hour Meter	10/12/21	184.85	106559	
Hi-Desert Publishing-Mountain News	Chief Position Sept 2021	10/05/21	304.00	106530	304.00
Hughes Network Systems LLC	Internet Treatment Plant Sept 2021	10/05/21	115.33	106531	115.33
INFOSEND	Statement Data Processing September 2021	10/27/21	1,865.65	106618	1,865.65
Inland Desert Security & Communications	Answering Service October 2021	10/19/21	145.00	106585	145.00
Inland Tri-Tech Inc	Exterior Prep and Paint for District Office Build	10/27/21	17,220.00	106619	17,220.00
Inland Water Works Supply Company	Miscellaneous Parts and Supplies	10/05/21	171.28	106532	171.28
	JRW24 Conrete Cover w/ Quick Reading Port	10/12/21	471.95	106560	1,095.26
	J & R Meter Box Body	10/12/21	62.50	106560	
	Miscellaneous Parts and Supplies	10/12/21	142.05	106560	
	Miscellaneous Parts and Supplies	10/12/21	33.36	106560	
	Miscellaneous Parts and Supplies	10/12/21	385.40	106560	
LA Pressure Supply	WC Repair-	10/27/21	1,232.55	106620	1,232.55
Liberty Composting Inc	Tipping Fees September 2021	10/19/21	151.60	106586	151.60
Life-Assist, Inc	Ambulance Supplies	10/05/21	727.52	106533	727.52
	Ambulance Supplies	10/12/21	395.88	106561	547.70
	Ambulance Supplies	10/12/21	151.82	106561	
	Ambulance Supplies	10/19/21	136.11	106587	136.11
	Ambulance Supplies	10/27/21	257.40	106621	257.40
Linda Mayfield	Reimbursement Claim	10/19/21	434.00	106588	434.00
McMaster-Carr Supply Company	Supplies for MBR 2 upgrade, Project 127	10/05/21	1,641.68	106534	1,641.68
	Pipe Cement for Plastic Pipe	10/12/21	63.01	106562	388.78
	Supplies for MBR 2 upgrade, Project 127	10/12/21	99.52	106562	
	Miscellaneous parts and supplies	10/12/21	134.45	106562	
	Fuse Motors and bateries	10/12/21	91.80	106562	
	Low-Pressure Pop Flange Cap	10/19/21	119.92	106589	318.61
	Supplies for MBR 2 upgrade, Project 127	10/19/21	121.20	106589	

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
McMaster-Carr Supply Company	CPVC Pipe fitting for Hot Water-Fixed Cap	10/19/21	77.49	106589	318.61
	CPVC Pipe Fitting for Hot Water	10/27/21	61.22	106622	88.83
	Oil-Resistant Aramid Gasket	10/27/21	27.61	106622	
MMBR	MYTEX H4L10 MMBR -Replace PO 1340	10/05/21	353,705.37	106535	353,705.37
	MMBR upgrade	10/19/21	3,388.50	106590	3,388.50
Mountain Lifestyle	Chief Position Ad	10/05/21	125.00	106536	125.00
Nationwide	Employee Contributions PPE 10/4/21	10/08/21	2,025.00	DFT0001594	2,025.00
	Employee Contributions PPE 10/18/21	10/22/21	2,025.00	DFT0001611	2,025.00
Nestle Waters North America	Drinking water for treatment plant	10/05/21	116.72	106537	116.72
Nick Nikas	Reimbursement Claim	10/12/21	299.69	106563	299.69
	Reimbursement Claim	10/19/21	343.60	106591	343.60
Nierman Industrial Materials	Material for MBR 2 upgrade, Stainless Steel Shape:	10/19/21	225.18	106592	225.18
One Stop Landscape Supply	Bio Solids Disposal	10/05/21	1,947.60	106538	1,947.60
Patricia A. Monical	Industrial Paper towels and sponges -Treatment PI	10/12/21	99.07	106564	99.07
Petty Cash	Postage, Supplies and Proj 127 Supplies	10/19/21	384.26	106593	384.26
Principal Life Insurance Company	Vision Insurance Premiums November 2021	10/27/21	123.63	106623	123.63
Quadient Leasing USA, Inc.	Postage Machine Oct 21- Jan 22	10/12/21	385.58	106565	385.58
Radiation Detection Company	TLD XBG Badge Quarterly 9/8/21-12/7/21	10/12/21	793.75	106566	793.75
Regal Medical Group	Ambulance Refund	10/19/21	393.05	106594	393.05
	Ambulance Refund	10/27/21	294.59	106624	294.59
Reliance Standard Life Insurance Company	Life insurance Premiums November 2021	10/27/21	1,081.63	106625	1,081.63
Rim Forest Lumber and Hardware	Aluminum Plank	10/05/21	312.46	106539	312.46
Rocio Silva	Janitorial Service September 2021	10/12/21	485.00	106567	485.00
Rogers Anderson Malody & Scott LLP	Consulting Fees August 2021	10/05/21	8,903.38	106540	8,903.38
	Consultant Fees September 2021	10/19/21	3,481.50	106595	3,481.50
Running Springs Professional Firefighters	October 2021 Union Dues	10/19/21	600.00	106596	600.00
Ryan Gross	Reimbursement Claim	10/19/21	197.02	106597	197.02
Samantha M. Yee	Fire Department Long Sleeve work shirts	10/19/21	231.66	106598	231.66
San Bernardino County Fire Protection District	CUPA Permit 2740 Canon Way	10/19/21	682.00	106599	4,322.00
	CUPA Permit - 30155 Skyline Drive	10/19/21	455.00	106599	
	CUPA - 3100 Alder Ct	10/19/21	455.00	106599	
	CUPA Permit 2001 Wilderness Rd	10/19/21	455.00	106599	
	CUPA Permit 32388 Parkland Dr	10/19/21	455.00	106599	
	CUPA Permit 30904 Nob Hill Drive	10/19/21	455.00	106599	
	CUPA Permit 2400 Oak	10/19/21	455.00	106599	
	CUPA Permit 3500 Seymour Rd	10/19/21	455.00	106599	
	CUPA Permit 32555 Thor Way	10/19/21	455.00	106599	
Southern California Edison Company	Electricity September 2021	10/05/21	796.07	106541	9,140.35
	Electricity September 2021	10/05/21	19.28	106541	
	Electricity September 2021	10/05/21	841.53	106541	
	Electricity September 2021	10/05/21	263.38	106541	
	Electricity September 2021	10/05/21	321.98	106541	
	Electricity September 2021	10/05/21	560.01	106541	
	Electricity September 2021	10/05/21	17.55	106541	
	Electricity September 2021	10/05/21	360.61	106541	
	Electricity September 2021	10/05/21	154.80	106541	
	Electricity September 2021	10/05/21	99.99	106541	
	Electricity September 2021	10/05/21	615.11	106541	
	Electricity September 2021	10/05/21	14.64	106541	
Electricity September 2021	10/05/21	352.34	106541		

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Southern California Edison Company	Electricity September 2021	10/05/21	2,131.70	106541	9,140.35
	Electricity September 2021	10/05/21	273.69	106541	
	Electricity September 2021	10/05/21	2,317.67	106541	
	Electricity September 2021	10/12/21	13.72	106568	14,481.82
	Electricity September 2021	10/12/21	409.32	106568	
	Electricity September 2021	10/12/21	22.58	106568	
	Electricity September 2021	10/12/21	64.19	106568	
	Electricity September 2021	10/12/21	132.39	106568	
	Electricity September 2021	10/12/21	559.31	106568	
	Electricity September 2021	10/12/21	605.04	106568	
	Electricity September 2021	10/12/21	189.77	106568	
	Electricity September 2021	10/12/21	400.67	106568	
	Electricity September 2021	10/12/21	426.30	106568	
	Electricity September 2021	10/12/21	159.27	106568	
	Electricity September 2021	10/12/21	11,499.26	106568	
Southern California Emergency Medicine	New Employment Physicals 2 employess	10/27/21	220.00	106626	220.00
Southern California Gas Company	Gas Usage -Station 50 Sept 2021	10/12/21	95.91	106569	95.91
	Gas Usage September 2021	10/19/21	33.27	106600	221.46
	Gas Usage September 2021	10/19/21	63.25	106600	
	Gas Usage September 2021	10/19/21	85.17	106600	
	Gas Usage September 2021	10/19/21	39.77	106600	
	Gas Usage September 2021	10/27/21	40.15	106627	40.15
Southwest Valve & Equipment	New 6" plug valve	10/12/21	1,110.52	106570	1,110.52
State of California - Department of Forestry & Fire	FF2 Cert Dahler	10/05/21	40.00	106543	40.00
	Fire certifications for Zach Granow	10/27/21	200.00	106631	300.00
	Fire certificate for Cody Snow	10/27/21	100.00	106631	
	Fire certifications for Zach Granow	10/27/21	200.00	106632	200.00
	Fire certificate for Cody Snow	10/27/21	100.00	106633	100.00
Superior Automotive Warehouse	Miscellaneous parts and Supplies	10/05/21	1,108.95	106544	1,213.18
	Miscellaneous parts and supplies	10/05/21	104.23	106544	
Terminix International Company LP	Pest Control Treatment Plant	10/12/21	64.00	106571	64.00
The Standard Insurance Company	Disability Insurance Prem November 2021	10/27/21	203.00	106629	203.00
Trevor Miller	Reimbursement Claim	10/12/21	100.00	106572	100.00
Tyler Technologies, Inc	Maintenance Annual Fees Nov 21- Oct 22	10/27/21	10,514.36	106630	10,514.36
Underground Service Alert of Southern California	New Dig Tickets and Maintenance Oct 2021	10/05/21	184.90	106545	184.90
Valic	Employee Contributions PPE 10/4/21	10/05/21	2,933.40	DFT0001595	2,933.40
	Employee Contributions PPE 10/18/21	10/19/21	2,917.05	DFT0001612	2,917.05
Verizon Wireless Services LLC	Cell phones and Hotspots September 2021	10/12/21	556.66	106573	556.66
Visa	Sediment Filters	10/19/21	192.19	106601	6,030.09
	Crowder- Hlreright, Miscellaneous Supplies	10/19/21	972.63	106601	
	Ellsberry- Membership fees	10/19/21	6.99	106601	
	Gross- Miscellaneous Supplies, Spectrum & Zoom	10/19/21	440.12	106601	
	Miller- Misc Supplies and parts/CWEA Membership	10/19/21	816.40	106601	
	Pump parts	10/19/21	3,334.23	106601	
	Strebel- Miscellaneous Parts and Supplies	10/19/21	121.03	106601	
	Open House supplies	10/19/21	916.57	106601	
	Miller- fraud charges returned	10/19/21	-2,119.69	106601	
	Miller- Miscellaneous parts and supplies	10/19/21	1,349.62	106601	
Vyanet Operating Group	Security & Monitoring Nov21-Jan22 Dist Office	10/19/21	178.85	106604	178.85
W.W. Grainger, Inc	Pipe Coupling, 2 Bolts and Pipe	10/12/21	1,524.19	106574	1,524.19

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
York Risk Services Group, Inc	Workers Comp Admin Fee September 21	10/19/21	112.00	106605	112.00
Zachary Granzow	Reimbursement Claim	10/05/21	99.70	106546	99.70

**Totals**

<b>Payment Type</b>	<b>Payable Count</b>	<b>Payment Count</b>	<b>Payment</b>
Regular Checks	189	114	624,731.45
Manual Checks	0	0	0.00
Voided Checks	0	6	-340.00
Bank Drafts	8	8	68,764.73
EFT's	0	0	0.00
<b>Totals</b>	<b>197</b>	<b>128</b>	<b>693,156.18</b>

## Fund Balances as of October 31, 2021

## Fire &amp; Ambulance Department

Fire Department Operating Reserve	940,243
Ambulance Department Operating Reserve	(538,479)
Subtotal Fire & Ambulance Department Operating Reserve Funds	401,764
<b>Recommended Operating Reserve Fund Target (6 Months Operating Expenses)</b>	<b>1,477,565</b>
<b>Fire &amp; Ambulance Department Operating Reserve, Above Target / (Below Target)</b>	<b>(1,075,801)</b>

## Wastewater Division

Wastewater Capital Improvement Project Reserve	1,015,588
Wastewater System Connection & Capacity Charges	5,815
CWSRF Loan Agreement 14-813 Debt Reserve (Restricted for SLS 1-3 Debt Service)	171,537
Wastewater Operating Reserve Fund	596,698
<b>Recommended Operating Reserve Fund Target (4 Months Operating Expenses)</b>	<b>596,698</b>
<b>Wastewater Operating Reserve, Above Target / (Below Target)</b>	<b>-</b>

## Water Division

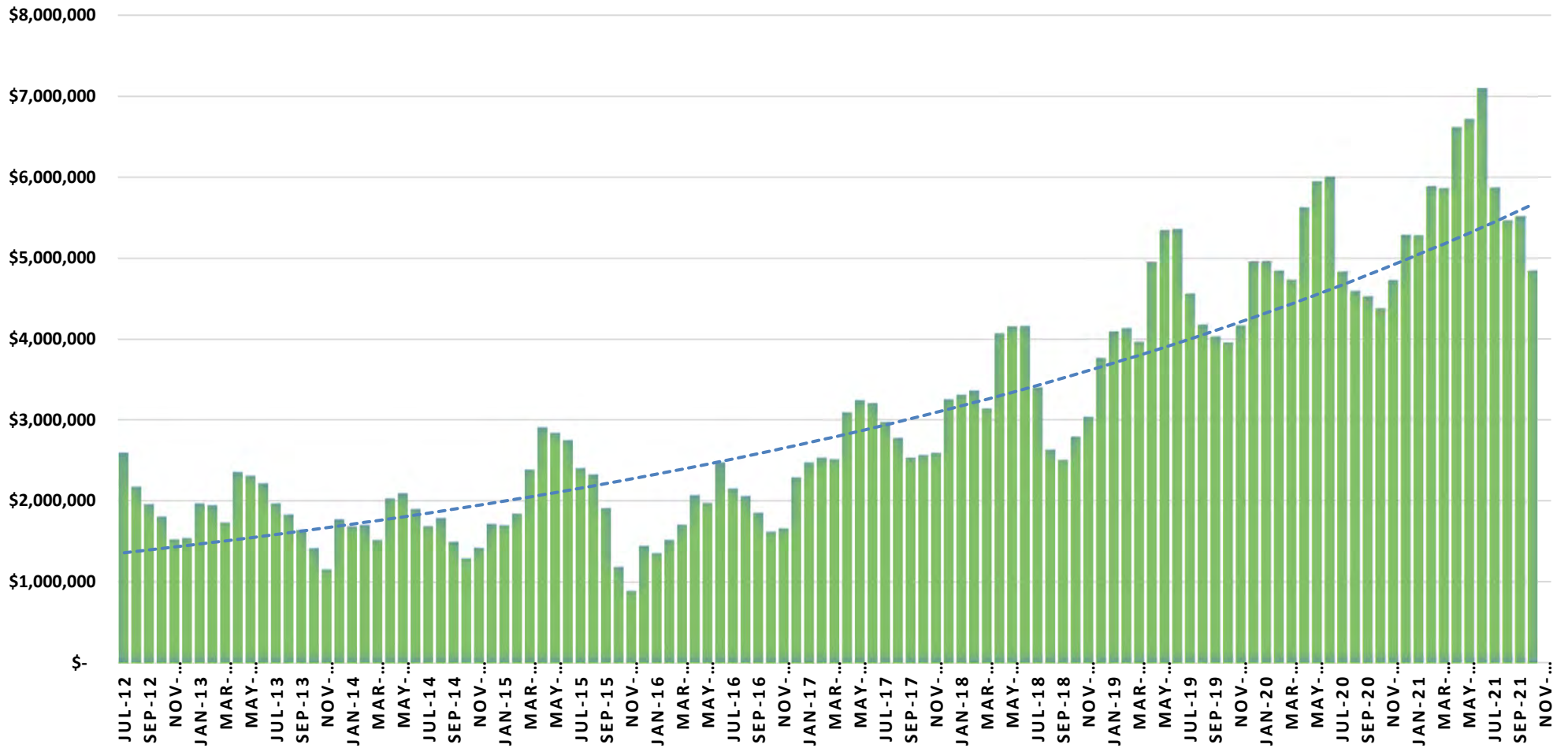
Water Capital Improvement Project Reserve	1,819,083
Water System Connection & Capacity Charges	128,868
Water Infrastructure R&R Reserve (MFC & AMR SRF Debt Reserve)	89,334
Water Operating Reserve	542,497
<b>Recommended Operating Reserve Fund Target (4 Months Operating Expenses)</b>	<b>542,497</b>
<b>Water Operating Reserve, Above Target / (Below Target)</b>	<b>-</b>

## Assessment Districts Restricted Funds

Water Assessment District No. 9 Construction Funds	5,059
Water Assessment District No. 10 Construction Funds	26,421
Water Assessment District No. 10 O&M	42,087
Water Assessment District No. 10 Bond Reserve Fund	1
<b>Subtotal Assessment Districts</b>	<b>73,567</b>

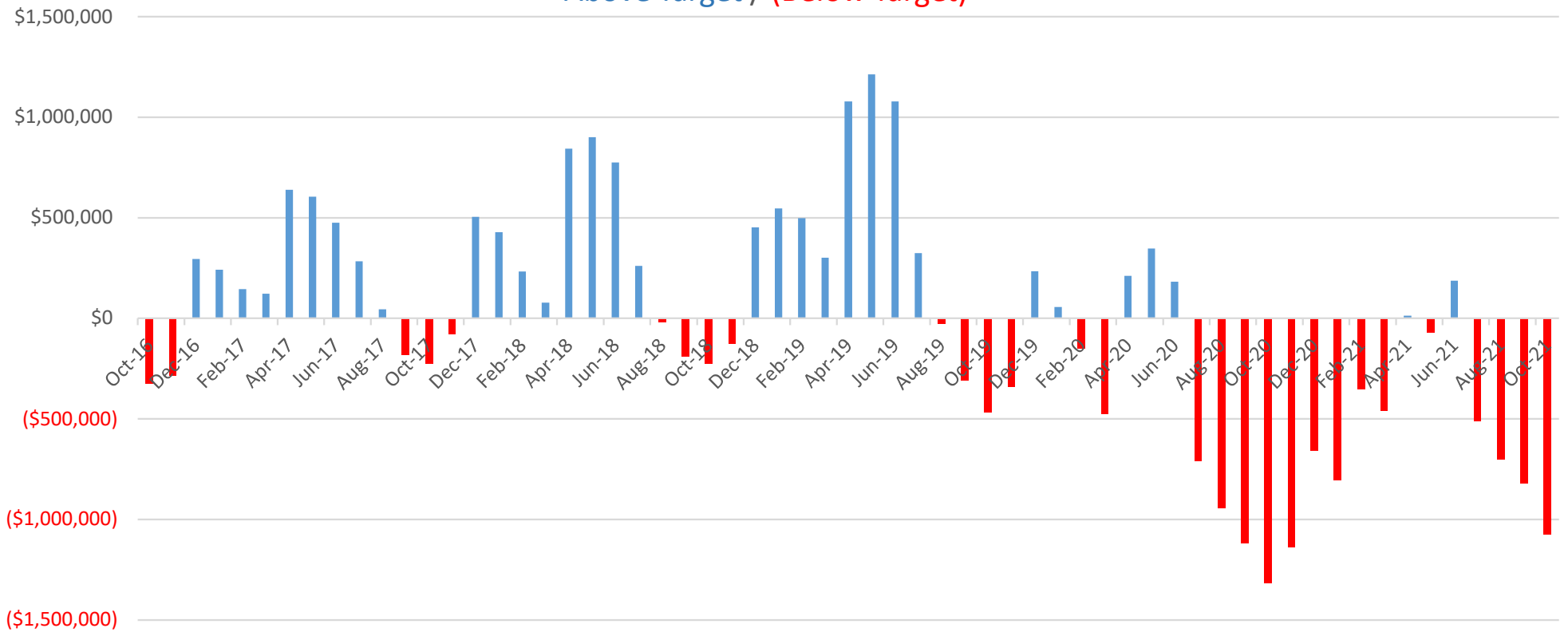
<b>Total District Designated &amp; Operating Reserve Funds</b>	<b>4,771,184</b>
<b>Assessment District Funds</b>	<b>73,567</b>
<b>Combined Pooled Cash</b>	<b>4,844,751</b>
Checking Account (General)	202,755
LAIF	4,626,379
York Insurance Deposit	14,617
BNY Mellon (AD #10 Bond Reserve)	1
Petty Cash	1,000
<b>Combined Pooled Cash</b>	<b>4,844,751</b>
	-

## COMBINED POOLED CASH BALANCE



**Fire Department Operating Reserve Policy Target is 6 Months of Budgeted Operating Expenses or \$1,477,565**

Above Target / (Below Target)



**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 17, 2021

**TO:** Board of Directors

**FROM:** Ryan Gross, General Manager

**SUBJECT:** CONSIDER ADOPTION OF RESOLUTION NO. 11-21 TO CONTINUE VIRTUAL MEETINGS PURSUANT TO AB 361

**RECOMMENDED BOARD ACTION**

That the Running Springs Water District Board of Directors reaffirm Resolution No. 11-21 and vote to continue remote meetings pursuant to AB 361 based upon the continued state of emergency for COVID-19 and find that (1) declares that it has reconsidered the circumstances of the state of emergency declared by the Governor and at least one of the following is true: (a) the state of emergency, continues to directly impact the ability of the members of this legislative body to meet safely in person; and/or (b) state or local officials continue to impose or recommend measures to promote social distancing; and (2) this legislative body declares it will be conducting teleconferencing and virtual meetings pursuant to AB 361.

**REASON FOR RECOMMENDATION**

To continue virtual meetings if necessary.

**BACKGROUND INFORMATION**

AB 361 amended the Brown Act to allow local legislative bodies to continue using teleconferencing and virtual meeting technology as long as there is a “proclaimed state of emergency.” To accommodate individuals during these teleconferences and virtual meetings, a public comment period is offered where the public can address the legislative body directly in real time. Additionally, public comments are allowed up until the public comment period is closed at the meetings. The agenda includes information on the manner in which the public may access the meeting and provide comments remotely. If technical problems arise that result in the public’s access being disrupted, the legislative body does not take any votes or other official action until the technical disruption is corrected and public access is restored.

On October 20, 2021, the Board adopted Resolution No. 11-21 to authorize this legislative body to conduct remote “telephonic” meetings pursuant to AB 361. Government Code 54953(e)(3) authorizes this legislative body to continue to conduct these remote “telephonic” meetings under AB 361 provided that it has timely made the findings specified therein. Findings must include: (a) the state of emergency, continues to



directly impact the ability of the members of this legislative body to meet safely in person; and/or (b) state or local officials continue to impose or recommend measures to promote social distancing. In light of AB 361 and in order to promote social distancing and avoid an imminent safety risk to attendees, teleconferencing and virtual meetings may continue to take place until further notice.

The Board of Directors may also decide to not proceed with remote meetings pursuant to AB 361, which would result in a return to in person Board meetings and all Brown Act requirements.

## **ATTACHMENTS**

Attachment 1 – Resolution No. 11-21

**RESOLUTION NO. 11-21**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RUNNING SPRINGS WATER DISTRICT AUTHORIZING VIRTUAL BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361**

**WHEREAS**, the Running Springs Water District (“District”) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

**WHEREAS**, all meetings of the District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate in the Agency’s meetings; and

**WHEREAS**, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

**WHEREAS**, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

**WHEREAS**, pursuant to the Governor’s executive orders, the District has been holding virtual meetings during the pandemic in the interest of protecting the health and safety of the public, District staff and Directors; and

**WHEREAS**, the Governor’s executive order related to the suspension of certain provisions of the Brown Act expired on September 30, 2021; and

**WHEREAS**, on September 16, 2021 the Governor signed AB 361 (in effect as of October 1, 2021 – Government Code Section 54953(e)), which allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, such conditions now exist in the District, specifically, a state of emergency has been proclaimed related to COVID-19, state or local officials are recommending measures to promote social distancing, or because of the ongoing threat of COVID-19, meeting in person would present imminent risks to the health and safety of attendees;

**NOW, THEREFORE, BE IT RESOLVED THE BOARD OF DIRECTORS OF THE RUNNING SPRINGS WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Remote Teleconference Meetings. Consistent with the provisions of Government

Code Section 54953(e), the Board of Directors finds and determines that (1) a state of emergency related to COVID-19 is currently in effect; (2) state or local officials have recommended measures to promote social distancing in connection with COVID-19; or (3) due to the COVID-19 emergency, meeting in person would present imminent risks to the health and safety of attendees. Based on such facts, findings and determinations, the Board authorizes staff to conduct remote teleconference meetings of the Board of Directors, including Committee meetings, under the provisions of Government Code Section 54953(e).

Section 3. Effective Date of Resolution. This Resolution shall take effect November 1, 2021 and shall be effective for 30 days or until this Resolution is extended by a majority vote of the Board of Directors in accordance with Section 4 of this Resolution.

Section 4. Extension by Motion. The Board of Directors may extend the application of this Resolution by motion and majority vote by up to 30 days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3).

**PASSED AND ADOPTED** by the Board of Directors of the Running Springs Water District this 20<sup>th</sup> day of October 2021, by the following vote:

**AYES:** TERRY, CONRAD, ACCIANI, DYBERG

**NOES:** 0

**ABSENT:** MACKZUM

**ABSTAIN:** 0



Mike Terry, Vice-President of the Board of Directors of the Running Springs Water District

ATTEST:



Amie R. Crowder, Secretary of the Running Springs Water District and to the Board of Directors



**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 17, 2021

**TO:** Board of Directors

**FROM:** Ryan Gross, General Manager

**SUBJECT:** **CONSIDER ADOPTION OF CORRECTED RESOLUTION NOS. 12-21 AND 13-21 FOR THE REDUCTION OF EMPLOYER PAID MEMBER CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR CLASSIC AND SAFETY CALPERS MEMBERS**

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors consider adoption of CORRECTED Resolution Nos. 12-21 and 13-21 for the third phase reduction of employer paid member contributions (EPMC) to CalPERS for "Classic" CalPERS members **beginning July 1, 2017 through June 30, 2018.**

**REASON FOR RECOMMENDATION**

The attached corrected resolutions include the missing language that CalPERS did not provide back in 2017 for the third phase of reducing the EPMC.

**BACKGROUND INFORMATION**

The resolutions that were previously uploaded were approved for the employer paying the member contributions only, **not reporting the value.** Based on the audit findings, the District was also reporting the value of EPMC which makes Resolution Nos. 11-17 and 12-17 invalid. The revised corrected resolutions are attached.

**FISCAL INFORMATION**

No fiscal impact

**ATTACHMENTS**

Attachment 1 – Resolution 12-21  
Attachment 2 – Resolution 13-21

RESOLUTION NO. 12-21

**FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS**

WHEREAS, the governing body of the Running Springs Water District has the authority to implement Government Code Section 20636(c)(4) pursuant to 20691;

WHEREAS, the governing body of the Running Springs Water District has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Running Springs Water District of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the Running Springs Water District has identified the following conditions for the purpose of its election to pay and report EPMC:

- This benefit shall apply to all existing classic miscellaneous members hired before April 1, 2014.
- This benefit shall consist of the Running Springs Water District paying two percent (2%) of the normal member contributions as EPMC, and reporting the same two percent (2%) of compensation earnable as additional compensation.
- The effective date of this Resolution shall be July 1, 2017 through June 30, 2018.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Running Springs Water District elects to pay and report the value of EPMC, as set forth above.

ADOPTED this 17<sup>th</sup> day of November 2021.

**Ayes:**  
**Noes:**  
**Abstentions:**  
**Absent:**

\_\_\_\_\_  
President, Board of Directors  
Running Springs Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors  
Running Springs Water District

RESOLUTION NO. 13-21

FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS

WHEREAS, the governing body of the Running Springs Water District has the authority to implement Government Code Section 20636(c)(4) pursuant to 20691;

WHEREAS, the governing body of the Running Springs Water District has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Running Springs Water District of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the Running Springs Water District has identified the following conditions for the purpose of its election to pay and report EPMC:

- This benefit shall apply to all existing classic safety members hired before April 1, 2014.
- This benefit shall consist of the Running Springs Water District paying two and one quarter percent (2.25%) of the normal member contributions as EPMC, and reporting the same two and one quarter percent (2.25%) of compensation earnable as additional compensation.
- The effective date of this Resolution shall be July 1, 2017 through June 30, 2018.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Running Springs Water District elects to pay and report the value of EPMC, as set forth above.

ADOPTED this 17<sup>th</sup> day of November 2021.

**Ayes:**  
**Noes:**  
**Abstentions:**  
**Absent:**

\_\_\_\_\_  
President, Board of Directors  
Running Springs Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors  
Running Springs Water District

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 17, 2021  
**TO:** Board of Directors  
**FROM:** Ryan Gross, General Manager  
**SUBJECT: CONSIDER RECEIVING, FILING AND AUTHORIZING THE DISTRIBUTION OF THE DISTRICT'S FISCAL YEAR ENDING 2021 ANNUAL FINANCIAL REPORT AND AUDIT RESULTS**

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors consider receiving, filing and authorizing the distribution of the District's Fiscal Year Ending 2021 Annual Financial Report and Audit Results.

**REASON FOR RECOMMENDATION**

The District is required to have an annual independent audit and to distribute financial information to parties interested in the finances of the District.

**BACKGROUND INFORMATION**

The District is required to have an annual independent financial audit. Van Lant & Fankhanel, LLP (VLF) will present their team's findings and the results from the audit of the District's financial data for fiscal year ending 2021. A copy of the Fiscal Year Ending 2021 Annual Financial Report is included as Attachment 1 and is also available at the District office for review by any interested member of the public.

**FISCAL INFORMATION**

The cost for VLF's services to perform this year's audit was \$23,100.

**ATTACHMENTS**

Attachment 1 - Fiscal Year Ending 2021 Annual Financial Report.



Running  
Springs  
Water  
District

Audit Report  
Fiscal Year Ended  
June 30, 2021





# Audit Reports Issued

Opinion on Financial Statements

Report on Internal Control and Compliance

Report on the District's Appropriations Limit

## Management's Financial Statements

## Auditor's Responsibilities

- Express opinion
  - Reasonable assurance
- Conduct audit in accordance with applicable standards; obtain evidence
- Procedures involve auditor judgment
  - Risk assessment

Audit  
Report on  
the  
Financial  
Statements

## Unmodified (clean) Opinion

## Required Supplementary Information

- MD&A
- Budgetary schedule, Pension schedules
- Limited audit procedures – no opinion expressed

## Other Supplementary Information

- Combining schedules

Audit  
Report on  
the  
Financial  
Statements  
- continued

## Report on Internal Control and Compliance

- Internal control over financial reporting
- Consider internal control to determine what audit procedures to perform
- Not to express an opinion
- Compliance testing – no opinion
  - Test for compliance that could be material to the financial statements
- Required to report Significant Deficiencies or Material Weaknesses
  - No findings to report

Report on  
District's  
Appropriations  
Limit

Required by Article XIII B of the  
California Constitution

Specific procedures to test the  
calculation for the fiscal year ended  
June 30, 2021

Spending Limit from proceeds of taxes

District is well below the appropriations limit

# SAS 114 Report

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Required Communications

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Estimates

---

Sensitive Disclosures

---

Difficulties or Disagreements

---

Other Audit Findings or Issues

Questions?

Thank you to District Staff and RAMS for their support and assistance in completing the audit.



**Independent Auditor’s Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Running Springs Water District  
Running Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller’s Minimum Audit Requirements for California Special Districts, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District (the “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, and have issued our report thereon dated November 12, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Van Lant + Fankhanel, LLP*

November 12, 2021

November 12, 2021

Board of Directors  
Running Springs Water District  
Running Springs, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Running Springs Water 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 July 9, 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 the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year, except for the implementation of GASB Statement No. 84, *Fiduciary Activities*. 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 financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension and net OPEB liabilities are based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office, and other sources. We evaluated the key factors and assumptions used to develop these liabilities in determining that the estimated liabilities are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note 5 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosures for the net pension and net OPEB liabilities in Notes 9 and 10 to the financial statements are based on assumptions for discount rates, etc., which could differ from actual experience. The notes disclose the differences in these liabilities if different assumptions are used in estimating these liabilities.

#### *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 trivial, and communicate them to the appropriate level of management. 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 November 12, 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 the required supplementary information (RSI), as listed in the table of contents, 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 supplementary information, as listed in the table of contents, 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Very truly yours,

*Van Lant & Fankhanel, LLP*

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES  
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

Board of Directors  
Running Springs Water District  
Running Springs Water District, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the Running Springs Water District, for the year ended June 30, 2021. These procedures, which were agreed to by the Running Springs Water District and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The District's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the Board of Directors during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIII B of the California Constitution*.

This report is intended solely for the use of the Board of Directors and management of the Running Springs Water District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature in black ink that reads "Van Lant + Fankhaed, LLP".

November 12, 2021



**RUNNING SPRINGS WATER DISTRICT  
 APPROPRIATIONS LIMIT COMPUTATION  
 2020-2021**

	2020-2021
Change in Per Capita Personal Income	3.73%
Population Change	
Unincorporated County Population Growth	0.32%
Change in Per Capita Personal Income Converted to a Ratio	1.0373
Population Change Converted to a Ratio	1.0032
Calculation Growth Factor	1.041
2019-2020 Appropriations Limit	<u>\$ 5,340,731</u>
2020-2021 Appropriations Limit (\$5,340,731 X 1.041)	<u>\$ 5,559,701</u>

**RUNNING SPRINGS WATER DISTRICT**

**ANNUAL FINANCIAL REPORT**

Years Ended June 30, 2021 and 2020

**Running Springs Water District**  
**Annual Financial Report**  
Years Ended June 30, 2021 and 2020

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## **INTRODUCTORY SECTION**



RUNNING SPRINGS WATER DISTRICT  
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206  
Running Springs, CA 92382

November 17, 2021

Board of Directors  
Running Springs Water District

**Subject: Letter of Transmittal for Annual Financial Report and Independent Auditor's Report for the Fiscal Years Ending June 30, 2021 and 2020**

Honorable Directors:

We are pleased to provide you with this letter of transmittal for the Running Springs Water District's (District) Annual Financial Report and Independent Auditor's Report for the Fiscal Years Ending (FYE) June 30, 2021 and 2020. The intended purpose of the financial report is to provide the Board of Directors, the customers of the District and other interested parties with reliable information on the finances of the District. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the FYE June 30, 2021 and 2020, are free of material misstatement. The independent auditor concluded, based upon the audit, that in their opinion the District's financial statements for the FYE June 30, 2021 and 2020 present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2021 and 2020 and the changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A can be found immediately following the Independent Auditor's Report in the financial section of this report.

In addition to the required components of the Financial Report, the District has elected to prepare this Letter of Transmittal. This Letter of Transmittal is intended to discuss the District's accomplishments and future direction. It is designed to complement the MD&A and should be read in conjunction with it.

## **DISTRICT OVERVIEW**

The Running Springs Water District ("RSWD or District") is a local public agency charged under the laws of the United States of America and the State of California, as well as our own District policies and regulations, with the duty of supplying and maintaining water service, providing fire and emergency medical care services and operating wastewater collection, treatment and disposal facilities for the residents, users and taxpayers of this community.

The District is an independent special district that was formed in 1958 and established under Division 12 of the California Water Code. In 1962, the District established a Fire Department to provide fire protection services for its service area. In 1976, a sewage disposal system was completed to provide sewer service for the District and certain communities upstream of the District. In 1983, ambulance service was established.

The District is a multi-service organization that presently operates four departments: a water department that provides retail water distribution, a fire department that provides fire protection, an ambulance department that provides pre-hospital emergency medical aid service, and a wastewater department that collects, treats, and disposes of the area's wastewater. The District's service area is approximately five square miles.

The District's power and authority is primarily regulated and defined by Division 12, Sections 30000-33901 of the California Water Code. The District's operations are governed by a five member Board of Directors elected by registered voters in the community.

### **Governmental Activities**

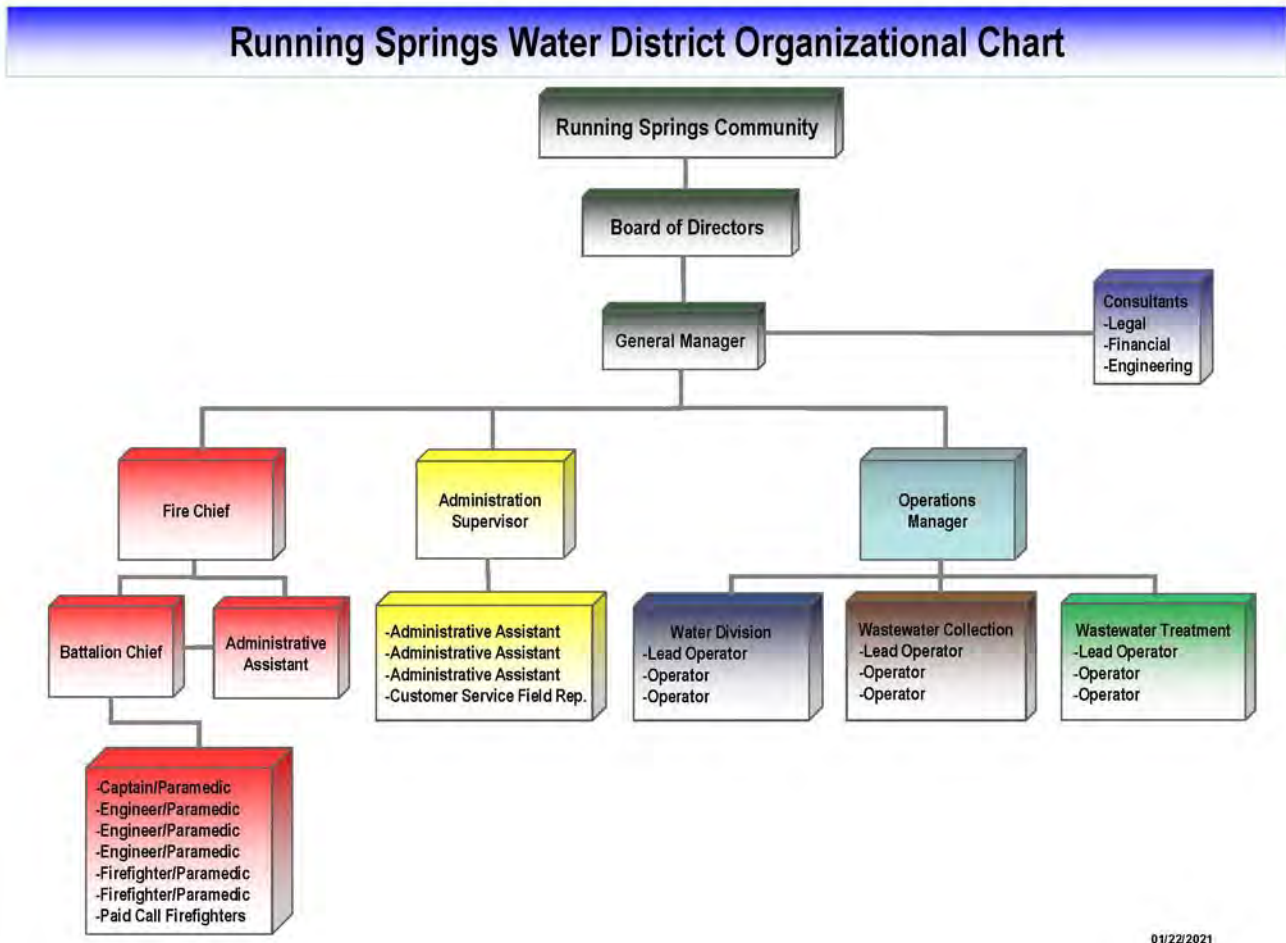
The District's Governmental Activities include fire protection services for the community of Running Springs.

### **Business-Type Activities**

The District's Business-Type Activities include water, wastewater collection, wastewater treatment and ambulance services where the fees for these services typically cover all or most of the cost of operation including depreciation.

## Staffing & Organizational Chart

Day-to-day management of the District is delegated to the General Manager of the District who reports directly to the locally elected Board of Directors. Reporting to the General Manager are the four department heads: Fire Chief, Administration Supervisor, Water Operations Manager and Wastewater Operations Manager. The following figure shows the current organization of the District.

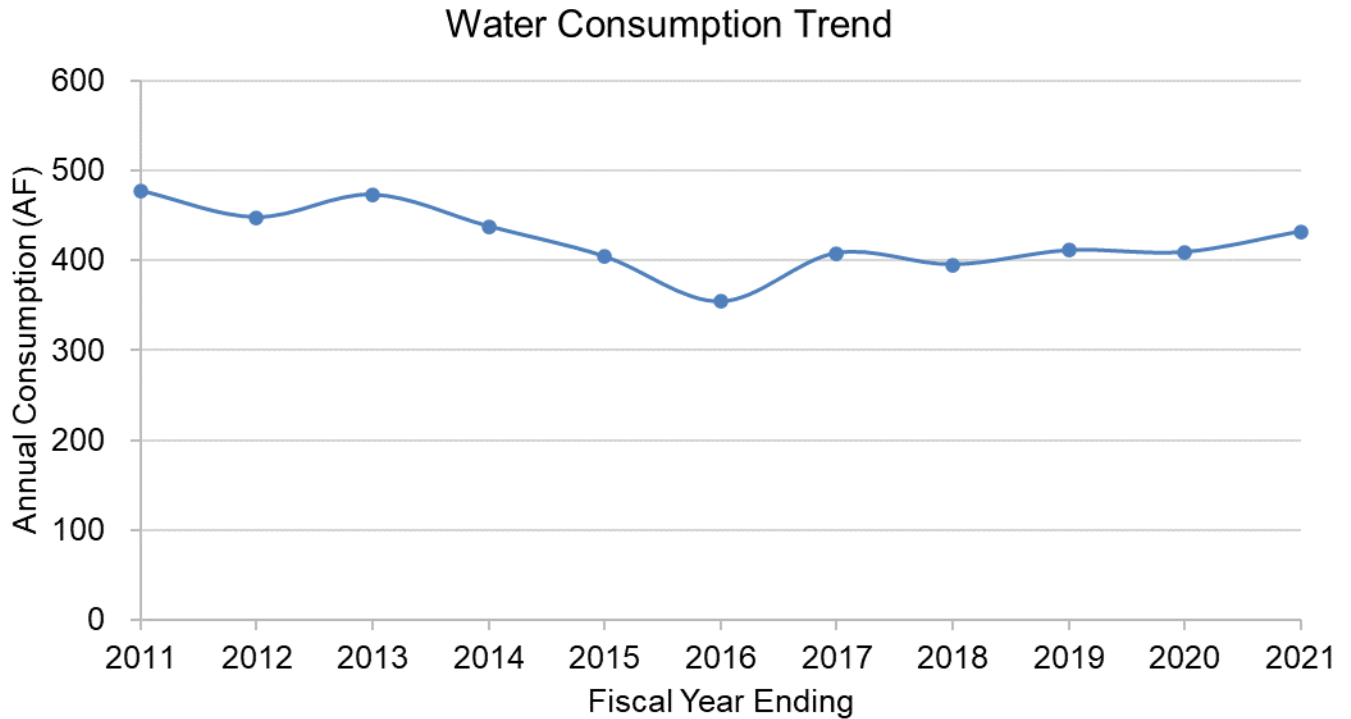


## LOCAL ENVIRONMENT

Running Springs is an unincorporated area governed by the County of San Bernardino. The population of the District according to the 2020 US Census was 5,268.

## WATER RESOURCES MANAGEMENT

The District typically produces more than 50% of its water supply from local District owned groundwater wells. Additional imported groundwater is purchased from Arrowbear Park County Water District and State Water Project water from the Crestline-Lake Arrowhead Water Agency (CLAWA). The District’s water consumption trend is shown on the following chart. The amount of purchased water varies with local groundwater production that is tied to precipitation and groundwater well recharge.



## WASTEWATER MANAGEMENT

The District must comply with local, state and federal regulations governing the collection, treatment and disposal of the Community’s wastewater. The agencies regulating the District’s wastewater activities include: The State Regional Water Quality Control Board (RWQCB), California Department of Public Health (CDPH), San Bernardino County Environmental Health and the United States Forest Service (USFS). The District’s Wastewater system is operated under a set of Waste Discharge Requirements (WDR) as part of the Santa Ana Regional Board Order No. 87-8 issued February 11, 1987 by the RWQCB.

The District developed and implemented a Sewer System Management Plan (SSMP) in 2010 to improve its spill prevention and inflow and infiltration (I/I) prevention programs. The SSMP was most recently updated in 2020. The primary goal of the program is to prevent all spills from the wastewater collection system. Activities related to minimizing I/I are ongoing.



## **FEES AND CHARGES**

The District's fees and charges are collected through monthly bills, the County of San Bernardino tax roll, ambulance fees and charges and capacity/connection fees for new development. The monthly charges for water and wastewater service consist of a fixed component and a variable usage component.

For the fiscal years ending 2015-2023 water and wastewater rates were adjusted to increase revenue to cover operating expenses and fund operating and capital reserve funds. These rate increases were needed in order to fund several deferred capital replacement projects, to replace aging infrastructure and to fund cash reserves to the levels set forth in the District's Cash Reserve Policy.

## **FINANCIAL PLANNING**

In 2019, the District prepared a Water and Wastewater Rate Study. The District continues its focus on maintaining the necessary cash fund balances for the financial stability of the District and has adopted a Cash Reserve Policy as a guideline to achieve minimum cash balances in each of its reserve funds. The District's Cash Reserve Policy is a guideline for the priorities of operational revenue sources with the Operating Funds receiving the highest priority. After operational costs and debt service are covered, any free cash flow from operations moves into the Capital Improvement Funds up to an amount equal to annual depreciation plus 10%. Any remainder goes to the Rate Stabilization Funds for a balance not to exceed 20% of annual budgeted revenue.

## **ACCOUNTING AND INTERNAL CONTROLS**

The Administration Division is responsible for providing the financial services for the District, including financial accounting and reporting, payroll, accounts payable, budgeting, billing and collection of service charges, taxes, and other revenues. An outside consultant is used for special financial accounting, audit preparation and other analysis.

The District's management is responsible for establishing and maintaining a system of internal controls designed to safeguard the District's assets from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The system of internal controls is designed to provide reasonable assurance, not absolute, that these objectives are met. When establishing or reviewing controls, management must recognize that the cost to implement a control should not exceed the benefits likely to be derived, and that in order to assess cost versus benefit, estimates and judgment on the part of management will be required. All internal control evaluations occur within the above framework. Management believes the current system of internal controls adequately safeguards the District's assets and provides reasonable assurance that accounting transactions are properly recorded.

## BUDGETARY CONTROLS

The Board of Directors adopts an annual budget each year which is used as a management control tool for each of the District's divisions. Comparison information is presented to the Board quarterly to monitor revenues and expenditures and provides information regarding any major variances from budget. In addition, monthly comparison reports are provided to all department supervisors to monitor expenditures and to plan the year as it progresses in an effort to stay within the adopted budget.

## FINANCIAL CONDITION

The Management's Discussion and Analysis (MD&A), which can be found immediately following the Independent Auditor's Report in the financial section of this report, summarizes the Statements of Net Position and Statements of Activities and reviews the changes (from the beginning to the end of the period and current year to the prior year). The actual government-wide financial statements are presented on pages 19 through 24. These government-wide statements are intended to present the District in a more corporate-style basis and provide a view of the big picture.

Additionally, the fund financial statements (starting on page 25) are designed to address the individual funds by category (governmental and proprietary, as well as the fiduciary fund). An explanation of these complementary presentations can be found in the MD&A and in the notes (see Note 1).

Liquidity is the ability to cover short-term obligations. The Proprietary Fund is similar to a business so the current ratio, which is a measurement of liquidity, can be helpful in assessing the liquidity of the District. The current ratio decreased from 9.00 at June 30, 2020 to 7.51 at June 30, 2021. The current ratio from the above condensed summary is as follows:

	<u>2021</u>	<u>2020</u>
Current Ratio		
Current Assets	\$ 6,738,676	\$ 5,429,830
Current Liabilities	897,687	603,492
Current Ratio	7.51	9.00

However, since the current assets subtotal includes assets that are not immediately liquid, such as inventory, a more rigorous form of the ratio includes only cash, temporary investments and receivables. The following calculation shows that ratio as 7.91 at June 30, 2020 decreased to 6.82 at June 30, 2021.

Quick Ratio (more rigorous)	2021	2020
Cash	\$ 1,000	\$ 1,000
Temporary Investments	4,838,479	3,802,954
Receivables	1,285,625	971,829
Cash, Temporary Investments and Receivables	<u>\$ 6,125,104</u>	<u>\$ 4,775,783</u>
Cash, Temporary Investments and Receivables	<u>\$ 6,125,104</u>	<u>\$ 4,775,783</u>
Current Liabilities	897,687	603,492
	<b>6.82</b>	<b>7.91</b>

This decrease in ratio indicates a decrease in the ability of the District to cover short-term obligations.


Solvency is the ability to pay all debts. The debt ratio indicates the District's long-term debt paying ability. The following debt ratio calculation stays same 0.36 at June 30, 2020 and at June 30, 2021:

Debt Ratio	2021	2020
Total Liabilities	\$ 9,394,964	\$ 8,959,262
Total Assets	26,455,164	25,117,718
Debt Ratio	<b>0.36</b>	<b>0.36</b>

The above calculation is the conservative computation of debt ratio of the Proprietary Fund because it includes all liabilities. The lower the ratio, the better the debt-paying position of the District.

We would like to thank the District staff and consultants for their hard work in the preparation of this report and for the information they provide to management, the Board of Directors and to our outside auditors. We would also like to thank the Board of Directors for their support of our efforts to position the District for long-term financial health which benefits all the citizens of the community we serve.

Respectfully submitted,

  
 Ryan Gross  
 General Manager

  
 Rogers, Anderson, Malody & Scott, LLP (RAMS)  
 District Financial Consultant

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Running Springs Water District  
Running Springs, California

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District (District), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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**Van Lant & Fankhanel, LLP**

29970 Technology Drive, Suite 105 A  
Murrieta, CA 92563  
909.856.6879

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District, as of June 30, 2021 and 2020, and the changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and State regulations governing special districts.

### ***Change in Accounting Principle***

As reported in the financial statements, in fiscal year 2020-21, the District adopted new accounting guidance, *GASBS No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 on compliance.

*Van Lant & Fankhaed, LLP*

November 12, 2021

## Management's Discussion and Analysis

Our discussion and analysis of Running Springs Water District's financial performance provides an overview of the District's financial activities for the fiscal years ending (FYE) June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal (beginning on page i) and the District's basic financial statements (beginning on page 19).

### FINANCIAL HIGHLIGHTS

- The District's total net position increased by \$1,073,630 and \$19,312 as of June 30, 2021 and 2020, respectively. The increase for the FYE June 30, 2021 is the combination of a decrease in net position for the Governmental Activities of \$31,096 and an increase in net position for the Business Type Activities of \$1,104,726. The increase for the FYE June 30, 2020 is the combination of a decrease in net position for the Governmental Activities of \$512,957 and an increase in net position for the Business Type Activities of \$532,269.
- Total revenues increased \$1,202,072 (16%) for the year ended June 30, 2021 and decreased \$556,573 (7%) for the year ended June 30, 2020.
- Total expenses increased \$147,754 (2%) for the year ended June 30, 2021 and increased \$141,773 (2%) for the year ended June 30, 2020.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Running Springs Water District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Running Springs Water District's finances in a manner similar to a private-sector business. The required financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. These statements offer short-term and long-term financial information about the District.

The "Governmental Activities" columns reflect the District's fire protection services. The "Business-Type Activities" columns reflect private sector type operations (Water, Ambulance and Sewer), where the fee for service typically covers all or most of the cost of operation including depreciation.



### ***Statement of Net Position***

The *Statement of Net Position* presents information on all of the Running Springs Water District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference, or net, 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 Running Springs Water District is improving or deteriorating.

### ***Statement of Activities***

The *Statement of Activities* accounts for all activities during the fiscal year. This statement measures the success of the District's operations during the reporting period and can be used to assess whether or not the District has successfully recovered all of its costs through its user fees and other charges. This statement also measures the District's solvency and ability to meet its financial commitments.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* for the Running Springs Water District include statements for the *Governmental Fund*, the *Proprietary Fund* and *Fiduciary Funds*.

The *Governmental Fund* financial statements include: ***Balance Sheets*** and ***Statements of Revenues, Expenditures and Changes in Fund Balances***, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the District's fund balances by law, creditors, and the District's Board. Unassigned fund balance is available for spending for any purpose. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the general government operations and the basic service it provides. Governmental funds will reflect bond proceeds and internal fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The separate statement of the Governmental Fund financial statements provides reconciliations between the fund financial statements and the government-wide financial statements.

The *Proprietary Fund* financial statements include: ***Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position***, and ***Statements of Cash Flows***. *Statements of Net Position* present our assets, deferred outflows, liabilities, deferred inflows and the difference, or net, between what we own and what we owe as of the last day of our fiscal year. *Statements of Revenues, Expenses and Changes in Net Position* describes the financial results of our proprietary operations for the fiscal years reported. The Proprietary Fund presentation produces the same totals as the Business-Type column in the government-wide financial statements. Readers also need to know how we manage our cash resources during the year to effect the changes in net position. This information is conveyed in the *Statements of Cash Flows*. The *Statements of Cash Flows*

reconcile the income or loss from operations that are reported on the accrual basis with the actual cash inflows and uses. The *Statements of Cash Flows* also detail how we obtain cash through financing and investing activities and, similarly, how we spend cash for these purposes.

The *Fiduciary Fund* financial statements include: ***Statements of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position***, which consist solely of trust and custodial funds and are used to account for resources held for the benefit of parties outside the government (i.e. Assessment Districts). Fiduciary funds are *not* reflected in the *Statement of Net Position* and *Statement of Revenue, Expenses, and Changes in Net Position* because the resources of the fund are *not* available to support the District's own programs. Fiduciary funds are custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The basic fiduciary fund financial statements can be found on page 37 of the Basic Financial Statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 39-68 of the Basic Financial Statements.

## **OVERVIEW OF SUPPLEMENTARY INFORMATION**

This annual financial report includes required supplementary information and other supplementary information. The required supplementary information consists of a *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund Type – Fire Protection*, *Schedule of the Districts Proportionate Share of the Net Pension Liability*, *Schedule of Plan Contributions* and related notes. The budget vs. actual schedule compares revenues and expenditures for Fire Protection with budgeted amounts and details the variance for each line item. The other schedules will eventually provide 10 years of information related to the Districts pension plan and OPEB liability.

Additional supplementary information is presented for the Fiduciary Custodial Funds which include two statements: *Combining Statement of Fiduciary Net Position* and *Combining Statement of Changes in Fiduciary Net Position*.

## FINANCIAL ANALYSIS

### District-wide Analysis

The following condensed financial information summarizes the total district (government-wide) net position:

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
<b>Assets:</b>									
Current and Other Assets	\$ 1,468,713	\$ 1,423,283	\$ 1,736,146	\$ 6,738,676	\$ 5,429,831	\$ 4,476,568	\$ 8,207,389	\$ 6,853,114	\$ 6,212,714
Capital Assets	967,553	1,011,931	1,014,072	19,716,488	19,687,887	20,001,120	20,684,041	20,699,818	21,015,192
Total Assets	<u>2,436,266</u>	<u>2,435,214</u>	<u>2,750,218</u>	<u>26,455,164</u>	<u>25,117,718</u>	<u>24,477,688</u>	<u>28,891,430</u>	<u>27,552,932</u>	<u>27,227,906</u>
<b>Deferred Outflows of</b>									
<b>Resources</b>	<u>1,068,304</u>	<u>988,487</u>	<u>916,886</u>	<u>1,180,684</u>	<u>1,186,973</u>	<u>1,280,197</u>	<u>2,248,988</u>	<u>2,175,460</u>	<u>2,197,083</u>
<b>Liabilities:</b>									
Current Liabilities	86,877	87,559	86,850	897,687	603,492	569,914	984,564	691,051	656,764
Noncurrent Liabilities	3,985,742	3,855,869	3,605,043	8,497,277	8,355,770	8,331,352	12,483,019	12,211,639	11,936,395
Total Liabilities	<u>4,072,619</u>	<u>3,943,428</u>	<u>3,691,893</u>	<u>9,394,964</u>	<u>8,959,262</u>	<u>8,901,266</u>	<u>13,467,583</u>	<u>12,902,690</u>	<u>12,593,159</u>
<b>Deferred Inflows of</b>									
<b>Resources</b>	<u>62,664</u>	<u>79,890</u>	<u>61,871</u>	<u>125,845</u>	<u>335,116</u>	<u>378,575</u>	<u>188,509</u>	<u>415,006</u>	<u>440,446</u>
<b>Net Position:</b>									
Net Investment in									
Capital Assets	967,553	1,011,931	1,014,072	16,760,286	16,534,351	16,654,725	17,727,839	17,546,282	17,668,797
Restricted for:									
Debt Service	-	-	-	260,871	260,871	260,921	260,871	260,871	260,921
Water & Wastewater	-	-	-	268,516	304,134	151,072	268,516	304,134	151,072
Unrestricted (deficit)	<u>(1,598,266)</u>	<u>(1,611,548)</u>	<u>(1,100,732)</u>	<u>825,366</u>	<u>(89,043)</u>	<u>(588,674)</u>	<u>(772,900)</u>	<u>(1,700,591)</u>	<u>(1,689,406)</u>
Total Net Position	<u>\$ (630,713)</u>	<u>\$ (599,617)</u>	<u>\$ (86,660)</u>	<u>\$ 18,115,039</u>	<u>\$ 17,010,313</u>	<u>\$ 16,478,044</u>	<u>\$ 17,484,326</u>	<u>\$ 16,410,696</u>	<u>\$ 16,391,384</u>

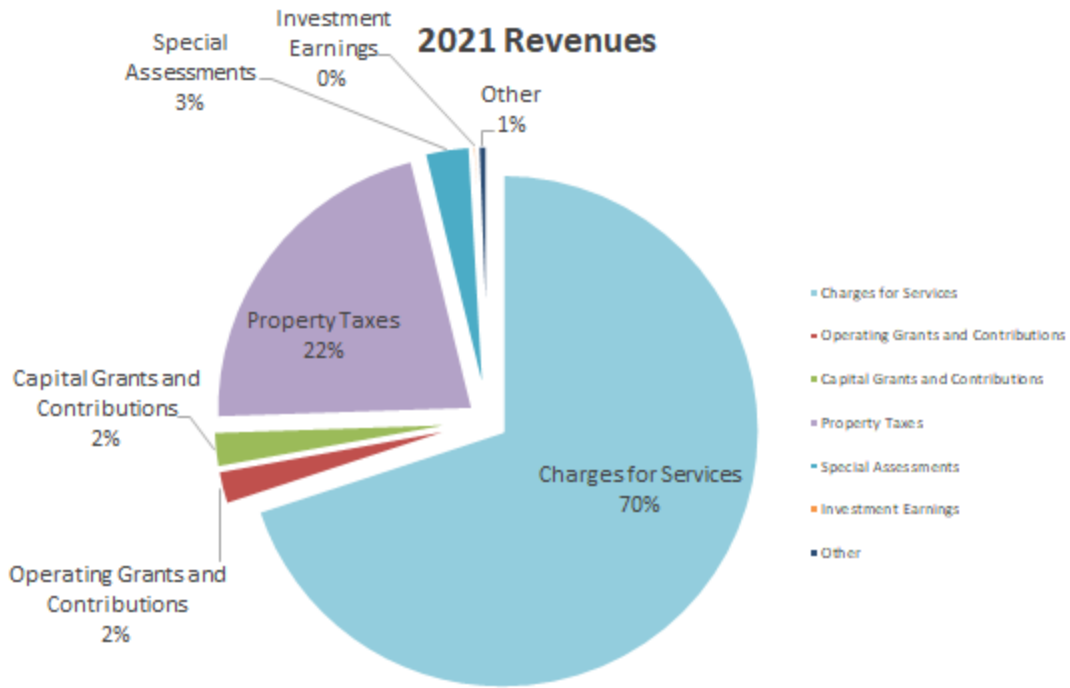
- The assets of Running Springs Water District increased by \$1,338,498 and \$325,026 as of June 30, 2021 and 2020 respectively. The most significant changes in 2021 are an increase in cash and temporary investments primarily the result of the increase in net position. The most significant changes in 2020 are an increase in cash and temporary investments primarily the result of the increase in net position.
- The Running Springs Water District's total liabilities increased by \$564,894 and \$309,531 as of June 30, 2021 and 2020 respectively. The key factor in the increase in 2021 is current liabilities and in 2020 is recording the total OPEB liability. The District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in 2020.
- Net position may serve over time as a useful indicator of a district's financial position. In the case of the Running Springs Water District, net position was \$17,484,326 and \$16,410,696 at the close of June 30, 2021 and 2020, respectively. Of this amount, \$(772,900) and \$(1,700,591) as of June 30, 2021 and 2020, respectively, (*unrestricted*

*net position*) may be used to meet the District's ongoing obligations to customers and creditors. Although these amounts are presented in the aggregate, the District must follow certain laws related to the spending of revenues which involve Proposition 218. Water and Sewer resources can only be spent on expenses, programs or projects related to the respective revenue source.

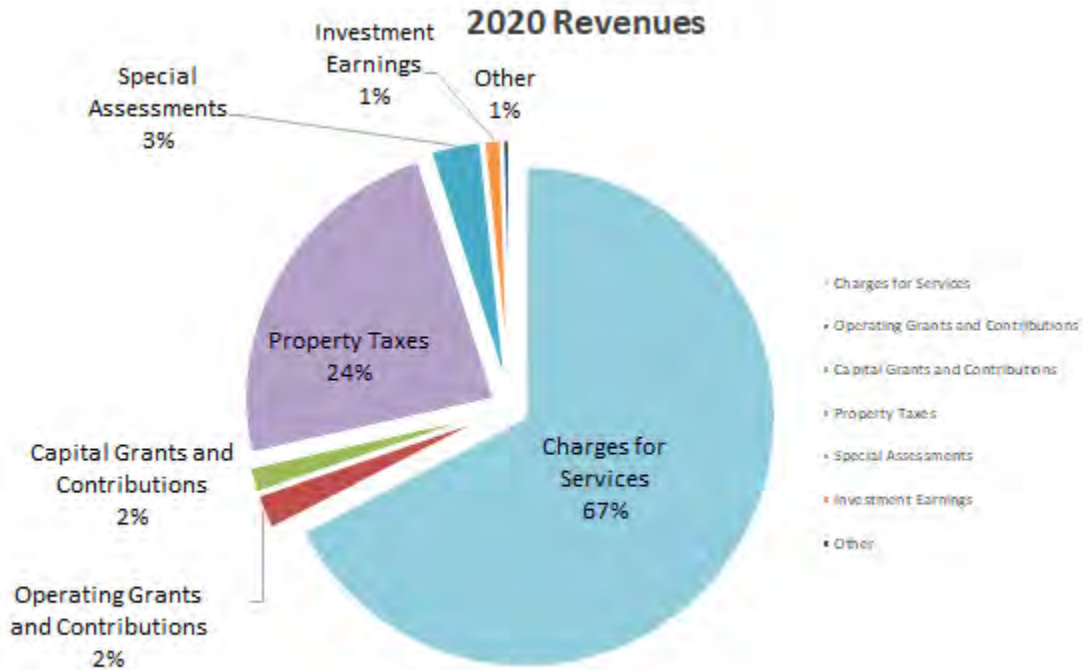
The following condensed financial information summarizes the changes in the total district (government-wide) net position:

<b>Running Springs Water District's Changes in Net Position</b>									
	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
<b>Revenues:</b>									
<b>Program Revenues:</b>									
Charges for Services	\$ 508,650	\$ 108,371	\$ 294,047	\$ 5,674,006	\$ 5,041,657	\$ 5,071,413	\$ 6,182,656	\$ 5,150,028	\$ 5,365,460
Operating Grants and Contributions	-	-	-	194,653	178,357	312,774	194,653	178,357	312,774
Capital Grants and Contributions	24,853	27,567	28,289	180,474	103,937	413,262	205,327	131,504	441,551
<b>General Revenues:</b>									
Property Taxes	1,916,714	1,798,692	1,700,578	-	-	-	1,916,714	1,798,692	1,700,578
Special Assessments	203,548	200,623	200,688	55,599	52,687	54,228	259,147	253,310	254,916
Investment Earnings	4,310	20,390	37,426	22,073	67,217	46,222	26,383	87,607	83,648
Other	250	8,020	4,060	54,252	29,792	30,896	54,502	37,812	34,956
<b>Total Revenues</b>	<b>2,658,325</b>	<b>2,163,663</b>	<b>2,265,088</b>	<b>6,181,057</b>	<b>5,473,647</b>	<b>5,928,795</b>	<b>8,839,382</b>	<b>7,637,310</b>	<b>8,193,883</b>
<b>Expenses:</b>									
Fire Protection	2,689,421	2,676,620	2,502,432	-	-	-	2,689,421	2,676,620	2,502,432
Water	-	-	-	2,006,803	1,935,725	2,328,076	2,006,803	1,935,725	2,328,076
Sewer Collection	-	-	-	897,504	991,932	683,293	897,504	991,932	683,293
Sewer Treatment	-	-	-	1,433,178	1,264,445	1,266,572	1,433,178	1,264,445	1,266,572
Ambulance	-	-	-	738,846	749,276	695,852	738,846	749,276	695,852
<b>Total Expenses</b>	<b>2,689,421</b>	<b>2,676,620</b>	<b>2,502,432</b>	<b>5,076,331</b>	<b>4,941,378</b>	<b>4,973,793</b>	<b>7,765,752</b>	<b>7,617,998</b>	<b>7,476,225</b>
Increase (Decrease) in Net Position	(31,096)	(512,957)	(237,344)	1,104,726	532,269	955,002	1,073,630	19,312	717,658
Total Net Position - Beginning	(599,617)	(86,660)	392,562	17,010,313	16,478,044	15,885,857	16,410,696	16,391,384	16,278,419
Prior Period Adjustment	-	-	(241,878)	-	-	(362,815)	-	-	(604,693)
Total Net Position - Ending	<b>\$ (630,713)</b>	<b>\$ (599,617)</b>	<b>\$ (86,660)</b>	<b>\$ 18,115,039</b>	<b>\$ 17,010,313</b>	<b>\$ 16,478,044</b>	<b>\$ 17,484,326</b>	<b>\$ 16,410,696</b>	<b>\$ 16,391,384</b>

Total revenues increased by \$1,202,072 (16%) for the year ended June 30, 2021.

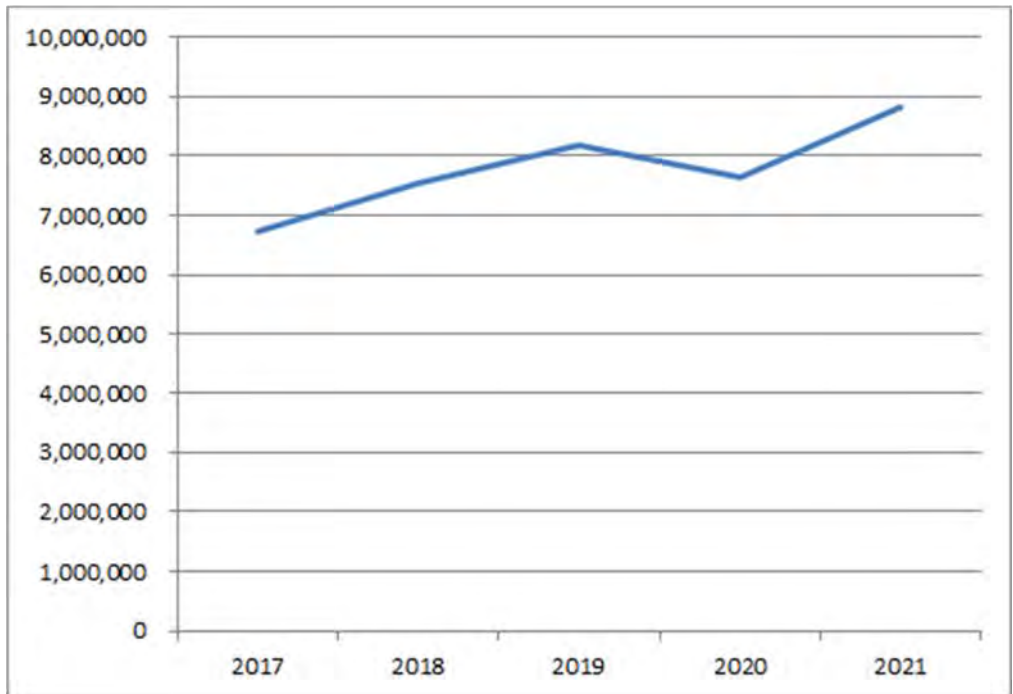


The breakdown of each category of revenue had a slight change as compared to the revenue breakdown for the year ended June 30, 2020 (2020: Charges for Services 67%, Operating Grants and Contributions 2%, Capital Grants and Contributions 2%, Property Taxes 24%, Special Assessments 3%, Investment Earnings 1% and Other 1%).



The increase (16%) in total revenues for 2021 when compared to 2020 is primarily due to increases in charges for services, capital grants and contributions and property taxes.

The graph below illustrates the revenue in the recent past years.





District-wide, total expenses increased \$147,754 (2%) for the year ended June 30, 2021 and increased \$141,773 (2%) for the year ended June 30, 2020. Notable increases in expenses in 2021 are water purchase and water source of supply repair and maintenance expense due to the drought in California. Notable increases in expenses in 2020 are Sewer Collection repairs and maintenances expense and net pension expense due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68.

### **Governmental Fund and Governmental Activities (Fire Protection) Analysis**

Net position for the Governmental Activities is \$(630,713) and \$(599,617) at the close of June 30, 2021 and 2020 respectively. The decrease of \$31,096 for the year ended June 30, 2021 is primarily the result of the increase of employee salaries and benefits. The decrease of \$512,957 for the year ended June 30, 2020 is primarily the result of the decrease of the charges for service and the increase of employee salaries and benefits.

Below is condensed financial information that reconciles the Governmental Fund (modified accrual basis) to the Governmental Activities (full accrual method).

<b>Reconciliation from Modified Accrual to Full Accrual</b>						
<b>2021</b>			<b>2020</b>			
	<b>Modified Accrual</b>	<b>Full Accrual</b>	<b>Modified Accrual</b>	<b>Full Accrual</b>	<b>Conversion</b>	<b>Full Accrual</b>
	Statement of Revenues and Expenditures - Governmental Fund - Fire Protection	Statement of Activities Governmental Activities - Fire Protection	Statement of Revenues and Expenditures - Governmental Fund - Fire Protection	Statement of Activities Governmental Activities - Fire Protection		
		Conversion				
Revenues	\$ 2,658,325	\$ -	\$ 2,155,803	\$ -	\$ 2,155,803	\$ 2,155,803
Expenditures/Expenses/Transfers	2,608,837	80,584	2,469,615	207,005	2,676,620	2,676,620
Excess of Revenues Over (Under) Expenditures	49,488	(80,584)	(313,812)	(207,005)	(520,817)	(520,817)
Other Financing Sources and (Uses) Proceeds from Insurance Claim	-	-	7,860	-	7,860	7,860
Net Change	\$ 49,488	\$ (80,584)	\$ (305,952)	\$ (207,005)	\$ (512,957)	\$ (512,957)
<b>2019</b>						
	<b>Modified Accrual</b>	<b>Full Accrual</b>				
	Statement of Revenues and Expenditures - Governmental Fund - Fire Protection	Statement of Activities Governmental Activities - Fire Protection				
		Conversion				
Revenues	\$ 2,265,088	\$ -	\$ 2,265,088			
Expenditures / Expenses	2,210,958	291,474	2,502,432			
Excess of Revenues Over (Under) Expenditures	54,130	(291,474)	(237,344)			
Other Financing Sources and (Uses) Proceeds From Insurance Claim	-	-	-			
Net Change	\$ 54,130	\$ (291,474)	\$ (237,344)			

## **Proprietary Fund and Business-Type Activities (Water, Ambulance, and Sewer) Analysis**

Net position for the Business-Type Activities is \$18,115,039 and \$17,010,313 at the close of June 30, 2021 and 2020 respectively. The increase of \$1,104,726 for the year June 30, 2021 is the rate and usage increase and the decrease of Water salaries and benefit. The increase of \$532,269 for the year June 30, 2020 is the increase in capital grants and rate increase and the decrease of Sewer Collection salaries and benefit. Revenues increased 13% for the year ended June 30, 2021, and expenses increased 1%. Revenues decreased 8% for the year ended June 30, 2020, and expenses decreased 1%.

Below is condensed financial information for the Proprietary Fund and Business-Type Activities:

### **Proprietary Fund - Change in Net Position**

	2021	2020	2019
Operating Revenues			
Water	\$ 2,265,236	\$ 2,149,188	\$ 2,052,093
Sewer Collection	1,126,279	1,070,853	1,147,206
Sewer Treatment	1,553,483	1,384,652	1,233,637
Ambulance	923,661	615,321	951,251
Total Operating Revenues	<u>5,868,659</u>	<u>5,220,014</u>	<u>5,384,187</u>
Operating Expenses			
Water Department	1,990,858	1,915,940	2,313,479
Sewer Collection	852,163	944,154	633,249
Sewer Treatment	1,379,641	1,264,445	1,266,572
Ambulance Department	738,846	749,276	695,557
Total Operating Expenses	<u>4,961,508</u>	<u>4,873,815</u>	<u>4,908,857</u>
Operating Income (Loss)	907,151	346,199	475,330
Non-Operating Revenues	131,924	149,696	131,346
Non-Operating Expenses	<u>(114,823)</u>	<u>(67,563)</u>	<u>(64,936)</u>
Income (Loss) Before Property Contributions and Transfers	924,252	428,332	541,740
Transfers In			
Capital contributions	<u>180,474</u>	<u>103,937</u>	<u>413,262</u>
Change in Net Position	<u>1,104,726</u>	<u>532,269</u>	<u>955,002</u>
Net Position, Beginning of Year	17,010,313	16,478,044	15,885,857
Restatement of Net Position		-	(362,815)
Net Position, End of Year	<u>\$ 18,115,039</u>	<u>\$ 17,010,313</u>	<u>\$ 16,478,044</u>



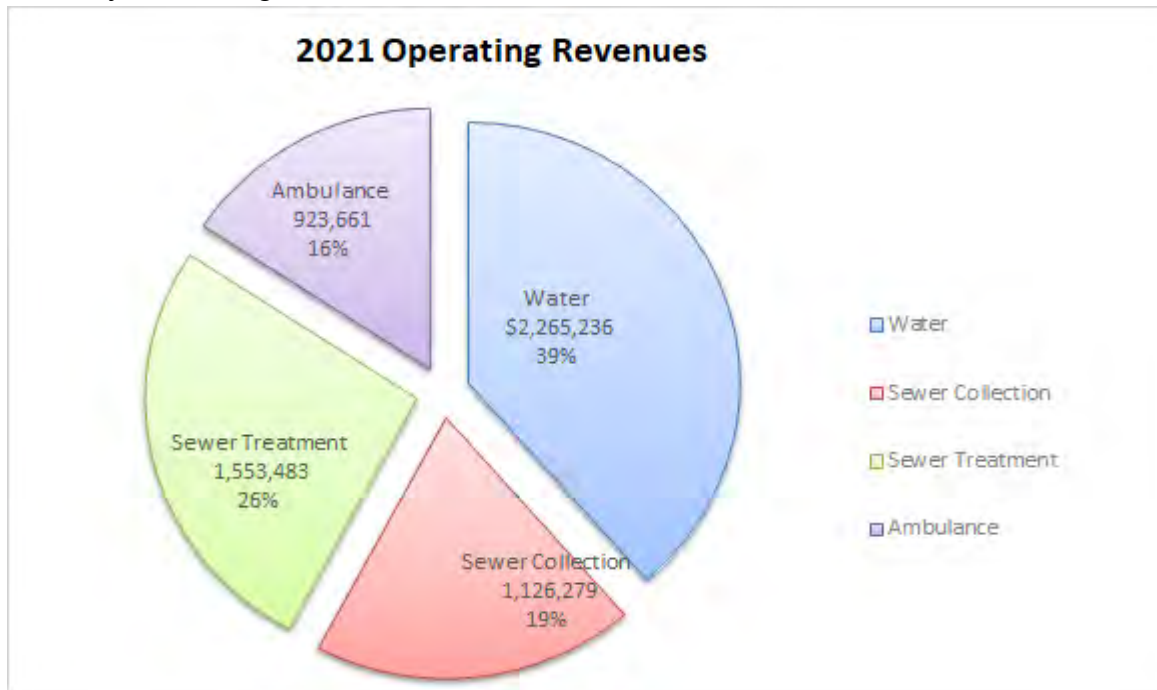
**Analysis for the year ended June 30, 2021:**

Below is condensed information related to the Proprietary Funds, by department.

	Condensed Summary of Schedules of Revenues, Expenses, and Changes in Net Position - Proprietary Fund - by Departments							
	Water Department		Sewer Collection		Sewer Treatment		Ambulance Department	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating Revenues	\$ 2,265,236	\$ 2,149,188	\$ 1,126,279	\$ 1,070,853	\$ 1,553,483	\$ 1,384,652	\$ 923,661	\$ 615,321
Operating Expenses	1,990,858	1,915,940	852,163	944,154	1,379,641	1,264,445	738,846	749,276
Operating Income (Loss)	274,378	233,248	274,116	126,699	173,842	120,207	184,815	(133,955)
Nonoperating Revenues	80,483	89,443	11,467	27,046	5,146	21,412	34,828	11,795
Nonoperating Expenses	15,945	19,785	45,341	47,778	53,537	-	-	-
Total Nonoperating Revenues (Expenses)	64,538	69,658	(33,874)	(20,732)	(48,391)	21,412	34,828	11,795
Income (Loss) before Capital Contributions	338,916	302,906	240,242	105,967	125,451	141,619	219,643	(122,160)
Capital Contributions	110,694	41,155	69,780	62,782	-	-	-	-
Transfers In/(Out)	-	-	(212,109)	-	212,109	-	-	-
Change in Net Position	\$ 449,610	\$ 344,061	\$ 97,913	\$ 168,749	\$ 337,560	\$ 141,619	\$ 219,643	\$ (122,160)

The condensed summary above shows that all departments reported an increase of change in net position for the year ended June 30, 2021. For the year ended June 30, 2020, the summary shows that the Water, WW Collection and WW Treatment Department reported increases of change in net position for the year ended June 30, 2020. Ambulance Department reported a decrease of change in net position due to GEMT revenue decrease.

The following graph shows the breakdown of operating revenues for the Proprietary Fund for the year ending June 30, 2021:



**Analysis for the year ended June 30, 2020:**

Below is condensed information related to the Proprietary Funds, by department.

	Condensed Summary of Schedules of Revenues, Expenses, and Changes in Net Position - Proprietary Fund - by Departments							
	Water Department		Sewer Collection		Sewer Treatment		Ambulance Department	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating Revenues	\$ 2,149,188	\$ 2,052,093	\$ 1,070,853	\$ 1,147,206	\$ 1,384,652	\$ 1,233,637	\$ 615,321	\$ 951,251
Operating Expenses	1,915,940	2,313,479	944,154	633,249	1,264,445	1,266,572	749,276	695,557
Operating Income (Loss)	233,248	(261,386)	126,699	513,957	120,207	(32,935)	(133,955)	255,694
Nonoperating Revenues	89,443	80,711	27,046	26,959	21,412	16,456	11,795	7,220
Nonoperating Expenses	19,785	14,597	47,778	50,044	-	-	-	295
Total Nonoperating Revenues (Expenses)	69,658	66,114	(20,732)	(23,085)	21,412	16,456	11,795	6,925
Income (Loss) before Capital Contributions	302,906	(195,272)	105,967	490,872	141,619	(16,479)	(122,160)	262,619
Capital Contributions	41,155	413,262	62,782	-	-	-	-	-
Transfers In/(Out)	-	-	-	989	-	(989)	-	-
Change in Net Position	\$ 344,061	\$ 217,990	\$ 168,749	\$ 491,861	\$ 141,619	\$ (17,468)	\$ (122,160)	\$ 262,619

The condensed summary above shows that Water, WW Collection and WW Treatment Department reported an increase of change in net position for the year ended June 30, 2020. Ambulance Department reported a decrease of change in net position. Ambulance Department shows a decrease in revenue due to GEMT revenue adjustments. For the year ended June 30, 2019, the summary shows that the Water Department reported an increase of net position because of the capital grant for AMR project. Sewer Collection Department reported the increase of net position because of the credit balance of pension expense.

The following graph shows the breakdown of operating revenues for the Proprietary Fund for the year ending June 30, 2020:



## **BUDGETARY HIGHLIGHTS**

As previously noted, this annual financial report includes required supplementary information, which is a *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund Type – Fire Protection* and related notes. The schedule compares revenues and expenditures for Fire Protection with budgeted amounts and details the variance for each line item.

Fire Protection is the only department in the Governmental Fund.

### ***Analysis for the Year Ended June 30, 2021:***

The final budget projected a net decrease in fund balance of \$33,115. The actual was a net increase of \$49,488. The notable variances for budget to actual are as follows:

- Property taxes revenue was \$162,667 higher than the budgeted amount.
- Other Revenues were \$242,438 higher than the budgeted amount primarily due to an increase in the Fire services outside of District.
- Salaries and wages were \$228,092 higher than the budgeted amount primarily due to Fire services outside of District.
- Capital outlay was \$44,803 without budgeted amount.

### ***Analysis for the Year Ended June 30, 2020:***

The final budget projected a net increase in fund balance of \$33,521. The actual was a net decrease of \$305,952. The notable variances for budget to actual are as follows:

- Property taxes revenue was \$62,012 higher than the budgeted amount.
- Other Revenues were \$163,039 lower than the budgeted amount primarily due to a decrease in the actual number of outside District Fire assignments.
- Salaries and wages were \$319,771 higher than the budgeted amount primarily due to an underestimation in the budget for Fire Department overtime.
- Capital outlay was \$83,848 lower than the budgeted amount.

## CAPITAL ASSETS

The Running Springs Water District's investment in capital assets as of June 30, 2021 and 2020 amounts to \$20,684,040 and \$20,699,817 (net of accumulated depreciation) respectively. The investment at June 30, 2021 represents a slight decrease (including additions and deductions) of 0.1% compared to a net decrease (including additions and deductions) of 2% for the year ended June 30, 2020. The investment in capital assets includes land, buildings, improvements, water systems, sewer collection and treatment systems, fire trucks, ambulances, trucks, automobiles, machinery, equipment, and office furniture and equipment.

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Land and Land Rights	\$ 414,676	\$ 414,676	\$ 414,676	\$ 1,014,656	\$ 1,014,656	\$ 1,014,656	\$ 1,429,332	\$ 1,429,332	\$ 1,429,332
Construction in Progress	-	-	3,069	585,881	110,695	82,037	585,881	110,695	85,106
Structures and Improvements	187,637	183,696	197,930	-	-	-	187,637	183,696	197,930
Water Plant and Facilities	-	-	-	6,605,955	6,878,402	7,129,909	6,605,955	6,878,402	7,129,909
Sewer Plant and Facilities	-	-	-	10,862,383	11,051,706	11,457,268	10,862,383	11,051,706	11,457,268
Fire Trucks and Mounted Equipment	159,413	186,025	230,323	-	-	-	159,413	186,025	230,323
Trucks and Automobiles	-	-	-	327,165	360,944	136,034	327,165	360,944	136,034
Special Purpose Equipment	143,755	146,431	118,869	-	-	-	143,755	146,431	118,869
Furniture and Equipment	-	-	-	320,447	271,483	181,216	320,447	271,483	181,216
Office Equipment	11,341	17,722	17,460	-	-	-	11,341	17,722	17,460
Shop and Station Equipment	17,859	24,802	31,745	-	-	-	17,859	24,802	31,745
Communication Equipment	32,872	38,579	-	-	-	-	32,872	38,579	-
<b>Total</b>	<b>\$ 967,553</b>	<b>\$ 1,011,931</b>	<b>\$ 1,014,072</b>	<b>\$ 19,716,487</b>	<b>\$ 19,687,886</b>	<b>\$ 20,001,120</b>	<b>\$ 20,684,040</b>	<b>\$ 20,699,817</b>	<b>\$ 21,015,192</b>

The most significant construction-in-progress jobs open at June 30, 2021 include the followings:

- Nob Hill Water System Improvement
- Wastewater Collection CCTV Van
- Wastewater Treatment Upper Access Road
- Wastewater Treatment MBR Upgrade 2

Additional information on the Running Springs Water District's capital assets can be found in Note 5 on pages 52-55 of the Basic Financial Statements.



## NONCURRENT LIABILITIES

The District's noncurrent liabilities at June 30, 2021 and 2020 are \$12,483,019 and \$12,211,639 respectively. Other than the net pension liability and total OPEB liability, both 2021 and 2020 liabilities included compensated absences and bonds payable (net of all amounts due within one year).

<b>Noncurrent Liabilities</b>			
	2021	2020	2019
<b>Governmental Activities:</b>			
Compensated Absences	\$ 186,097	\$ 169,217	\$ 131,117
Total OPEB Liability	222,413	261,727	241,878
Net Pension Liability	3,614,451	3,458,768	3,258,271
Total	4,022,961	3,889,712	3,631,266
Less: Current Portion	(37,219)	(33,843)	(26,223)
Noncurrent Portion	<u>3,985,742</u>	<u>3,855,869</u>	<u>3,605,043</u>
<b>Business-Type Activities:</b>			
<b>Bonds and Notes Payable:</b>			
Sewer Treatment, SWRCB 2014 Installment Payable	2,347,635	2,472,200	2,594,443
Water Supply, 2015 Installment Payable, Ayers	242,450	298,124	351,952
Ambulance, 2016 Installment Payable	-	-	-
Water, SWRCB AMR Installment Payable	366,117	383,213	400,000
Total Bonds and Notes Payable	<u>2,956,202</u>	<u>3,153,537</u>	<u>3,346,395</u>
Compensated Absences	210,802	280,542	384,196
Total OPEB Liability	571,919	392,589	362,815
Net Pension Liability	5,002,432	4,782,545	4,506,700
Less: Current Portion	(244,078)	(253,443)	(268,754)
Noncurrent Portion	<u>8,497,277</u>	<u>8,355,770</u>	<u>8,331,352</u>
<b>Government-Wide Summary</b>			
Compensated Absences	396,899	449,759	515,313
Total OPEB Liability	794,332	654,316	604,693
Net Pension Liability	8,616,883	8,241,313	7,764,971
Bonds and Notes Payable:	<u>2,956,202</u>	<u>3,153,537</u>	<u>3,346,395</u>
Totals	12,764,316	12,498,925	12,231,372
Less: Current Portion	(281,297)	(287,286)	(294,977)
Noncurrent Portion	<u>\$ 12,483,019</u>	<u>\$ 12,211,639</u>	<u>\$ 11,936,395</u>

The District paid principal payments on the bonds and notes payable of \$197,335 during the year ended June 30, 2021 and \$193,505 during the year ended June 30, 2020, respectively.

Additional information on the Running Springs Water District's noncurrent liabilities can be found in Note 7 on pages 56-59 of the Basic Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Running Springs Water District is located where there is not much opportunity for growth in the form of new development. The District provides mutual fire service aid to Green Valley Lake and Arrowbear with no financial compensation and incurs shared wastewater transportation, treatment and disposal costs for upstream users who are billed for reimbursement.

For the fiscal years ending 2020-2024 water and wastewater rates will be adjusted to increase revenue to cover operating expenses and fund operating and capital reserve funds. The rate increases are needed in order to fund several deferred capital replacement projects, to replace aging infrastructure and to fund cash reserves to the levels set forth in the District's Cash Reserve Policy.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Running Springs Water District's finances for all those with an interest in the District's finances. Questions concerning this report or requests for additional financial information should be addressed to the General Manager, Running Springs Water District, PO Box 2206, Running Springs, California, 92382.

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## **BASIC FINANCIAL STATEMENTS**



**Running Springs Water District**  
**Statements of Net Position**  
June 30, 2021 and 2020

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	2021	2020	2021	2020
<b>ASSETS</b>				
Cash	\$ 606,974	\$ 442,024	\$ 1,000	\$ 1,000
Temporary Investments	799,765	913,588	4,838,479	3,802,954
Receivables:				
Customers - Net of Allowance	-	-	1,047,255	864,935
Other	11,495	13,036	228,655	88,695
Taxes	41,438	41,883	5,978	4,625
Interest	1,107	4,818	3,737	13,574
Materials and Supplies Inventory	-	-	77,518	82,376
Restricted Assets:				
Cash	7,934	7,934	536,054	571,672
Capital Assets, Not Being Depreciated				
Land	414,676	414,676	1,014,656	1,014,656
Construction in Progress	-	-	585,881	110,695
Capital Assets Net of Accumulated Depreciation	552,877	597,255	18,115,951	18,562,536
<b>Total Assets</b>	<b>2,436,266</b>	<b>2,435,214</b>	<b>26,455,164</b>	<b>25,117,718</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	1,046,634	988,487	1,124,961	1,186,973
Deferred OPEB Related Items	21,670	-	55,723	-
<b>Total Deferred Outflows of Resources</b>	<b>1,068,304</b>	<b>988,487</b>	<b>1,180,684</b>	<b>1,186,973</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	49,658	53,716	316,183	218,417
Interest Payable	-	-	35,493	37,744
Other Payables	-	-	250,611	41,650
Unearned Availability Charges	-	-	51,322	52,238
Long-term Liabilities Due Within One Year	37,219	33,843	244,078	253,443
Noncurrent Liabilities:				
Long-term Liabilities	3,985,742	3,855,869	8,497,277	8,355,770
<b>Total Liabilities</b>	<b>4,072,619</b>	<b>3,943,428</b>	<b>9,394,964</b>	<b>8,959,262</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	62,664	79,890	125,845	335,116
<b>NET POSITION</b>				
Net Investment in Capital Assets	967,553	1,011,931	16,760,286	16,534,351
Restricted For Debt Service	-	-	260,871	260,871
Restricted for Wastewater Expansion	-	-	268,516	304,134
Unrestricted (Deficit)	(1,598,266)	(1,611,548)	825,366	(89,043)
<b>Total Net Position</b>	<b>\$ (630,713)</b>	<b>\$ (599,617)</b>	<b>\$ 18,115,039</b>	<b>\$ 17,010,313</b>

<b>Total</b>	
2021	2020
\$ 607,974	\$ 443,024
5,638,244	4,716,542
1,047,255	864,935
240,150	101,731
47,416	46,508
4,844	18,392
77,518	82,376
543,988	579,606
1,429,332	1,429,332
585,881	110,695
18,668,828	19,159,791
<u>28,891,430</u>	<u>27,552,932</u>
2,171,595	2,175,460
77,393	-
<u>2,248,988</u>	<u>2,175,460</u>
365,841	272,133
35,493	37,744
250,611	41,650
51,322	52,238
281,297	287,286
<u>12,483,019</u>	<u>12,211,639</u>
<u>13,467,583</u>	<u>12,902,690</u>
<u>188,509</u>	<u>415,006</u>
17,727,839	17,546,282
260,871	260,871
268,516	304,134
(772,900)	(1,700,591)
<u>\$ 17,484,326</u>	<u>\$ 16,410,696</u>

**Running Springs Water District**  
**Statement of Activities**  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Fire Protection	\$ 2,689,421	\$ 508,650	\$ -	\$ 24,853
<b>Business-type Activities:</b>				
Water	2,006,803	2,265,236	-	110,694
Sewer Collection	897,426	1,126,279	-	69,780
Sewer Treatment	1,433,256	1,553,483	-	-
Ambulance	738,846	729,008	194,653	-
<b>Total Business-type Activities</b>	<b>5,076,331</b>	<b>5,674,006</b>	<b>194,653</b>	<b>180,474</b>
<b>Total Primary Government</b>	<b>\$ 7,765,752</b>	<b>\$ 6,182,656</b>	<b>\$ 194,653</b>	<b>\$ 205,327</b>

General Revenues:  
Property Taxes  
Special Assessments - Availability Charges  
Investment Earnings  
Leasing Revenue  
Miscellaneous  
Gain/(Loss) on Sale of Capital Assets

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue  
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>\$ (2,155,918)</u>	<u>\$ -</u>	<u>\$ (2,155,918)</u>
-	369,127	369,127
-	298,633	298,633
-	120,227	120,227
-	184,815	184,815
-	972,802	972,802
<u>(2,155,918)</u>	<u>972,802</u>	<u>(1,183,116)</u>
1,916,714	-	1,916,714
203,548	55,599	259,147
4,310	22,073	26,383
-	21,186	21,186
250	37,251	37,501
-	(4,185)	(4,185)
<u>2,124,822</u>	<u>131,924</u>	<u>2,256,746</u>
(31,096)	1,104,726	1,073,630
<u>(599,617)</u>	<u>17,010,313</u>	<u>16,410,696</u>
<u>\$ (630,713)</u>	<u>\$ 18,115,039</u>	<u>\$ 17,484,326</u>

**Running Springs Water District**  
**Statement of Activities**  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Fire Protection	\$ 2,676,620	\$ 108,371	\$ -	\$ 27,567
<b>Business-type Activities:</b>				
Water	1,935,725	2,149,188	-	41,155
Sewer Collection	991,932	1,070,853	-	62,782
Sewer Treatment	1,264,445	1,384,652	-	-
Ambulance	749,276	436,964	178,357	-
<b>Total Business-type Activities</b>	<b>4,941,378</b>	<b>5,041,657</b>	<b>178,357</b>	<b>103,937</b>
<b>Total Primary Government</b>	<b>\$ 7,617,998</b>	<b>\$ 5,150,028</b>	<b>\$ 178,357</b>	<b>\$ 131,504</b>

General Revenues:  
Property Taxes  
Special Assessments - Availability Charges  
Investment Earnings  
Leasing Revenue  
Miscellaneous

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue  
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>\$ (2,540,682)</u>	<u>\$ -</u>	<u>\$ (2,540,682)</u>
-	254,618	254,618
-	141,703	141,703
-	120,207	120,207
-	<u>(133,955)</u>	<u>(133,955)</u>
-	<u>382,573</u>	<u>382,573</u>
<u>(2,540,682)</u>	<u>382,573</u>	<u>(2,158,109)</u>
1,798,692	-	1,798,692
200,623	52,687	253,310
20,390	67,217	87,607
-	17,350	17,350
8,020	<u>12,442</u>	<u>20,462</u>
<u>2,027,725</u>	<u>149,696</u>	<u>2,177,421</u>
(512,957)	532,269	19,312
<u>(86,660)</u>	<u>16,478,044</u>	<u>16,391,384</u>
<u>\$ (599,617)</u>	<u>\$ 17,010,313</u>	<u>\$ 16,410,696</u>

**Running Springs Water District**  
**Balance Sheets**  
**Governmental Fund - Fire Protection**  
June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash	\$ 606,974	\$ 442,024
Temporary Investments	799,765	913,588
Restricted Cash	7,934	7,934
Accounts Receivable:		
Fire Availability Charges and Other	11,495	13,036
Taxes Receivable	41,438	41,883
Interest Receivable	1,107	4,818
Total Assets	\$ 1,468,713	\$ 1,423,283
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ 49,658	\$ 53,716
Total Liabilities	49,658	53,716
Fund Balances:		
Assigned:		
Workers' Compensation Fund	6,551	6,551
Unassigned	1,412,504	1,363,016
Total Fund Balances	1,419,055	1,369,567
Total Liabilities and Fund Balances	\$ 1,468,713	\$ 1,423,283

The accompanying notes are an integral part of this statement.

**Running Springs Water District**  
**Reconciliation of the Balance Sheets to the Statements of Net Position**  
**Governmental Fund - Fire Protection**  
June 30, 2021 and 2020

	2021	2020
Fund balances - total governmental fund	\$ 1,419,055	\$ 1,369,567
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Capital Assets	2,640,875	2,596,072
Accumulated Depreciation	(1,673,322)	(1,584,141)
<p>Amounts for deferred inflows and deferred outflows related to the District's Net Pension Liability and Total OPEB Liability are not reported in the funds.</p>		
Deferred Outflows Related to Pensions	1,046,634	988,487
Deferred Inflows Related to Pensions	(62,664)	(79,890)
Deferred Outflows Related to OPEB	21,670	-
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Compensated Absences	(186,097)	(169,217)
Total OPEB Liability	(222,413)	(261,727)
Net Pension Liability	(3,614,451)	(3,458,768)
Net Position of Governmental Activities	\$ (630,713)	\$ (599,617)



**Running Springs Water District**  
**Statements of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Fund - Fire Protection**  
Years Ended June 30, 2021 and 2020

	2021	2020
<b>REVENUES</b>		
Property Taxes	\$ 1,916,714	\$ 1,798,692
Assessments - Fire Availability Charges	203,548	200,623
Hazard Abatement Program Revenue	21,462	26,570
Other Revenue	487,438	81,961
Investment Earnings	4,310	20,390
Intergovernmental Revenue	24,853	27,567
Total Revenues	2,658,325	2,155,803
<b>EXPENDITURES</b>		
Salaries and Benefits	2,146,935	1,956,272
Services and Supplies	253,431	245,457
Administrative Expenses	163,668	183,393
Capital Outlay	44,803	84,493
Total Expenditures	2,608,837	2,469,615
Excess (Deficiency) of Revenues Over Expenditures	49,488	(313,812)
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Insurance Claim	-	7,860
Total Other Financing Sources (Uses)	-	7,860
Net Change in Fund Balances	49,488	(305,952)
Fund Balance, Beginning of Year	1,369,567	1,675,519
Fund Balance, End of Year	\$ 1,419,055	\$ 1,369,567

**Running Springs Water District**  
**Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund**  
**Balance of Governmental Fund to the Statements of Activities**  
Years Ended June 30, 2021 and 2020

	2021	2020
Net change in fund balances - governmental fund	\$ 49,488	\$ (305,952)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital Outlay	44,803	84,493
Depreciation	(89,181)	(86,634)
Amounts for deferred inflows and deferred outflows related to the District's net pension liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability.		
Deferred Outflows Related to Pensions	58,147	71,601
Deferred Inflows Related to Pensions	17,226	(18,019)
Deferred Outflows Related to OPEB	21,670	-
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences	(16,880)	(38,100)
Total OPEB Liability	39,314	(19,849)
Net Pension Liability	(155,683)	(200,497)
Change in Net Position of Governmental Activities	\$ (31,096)	\$ (512,957)

The accompanying notes are an integral part of this statement.

**Running Springs Water District**  
**Statements of Net Position**  
**Proprietary Funds**  
June 30, 2021 and 2020

	Water		Sewer Collection	
	2021	2020	2021	2020
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 950	\$ 950	\$ 50	\$ 50
Temporary Investments	2,541,410	1,946,309	823,098	623,184
Receivables:				
Customers - Net of Allowances	250,713	242,141	221,190	199,583
Other	34,549	31,911	11,575	10,600
Taxes	1,532	1,228	4,446	3,397
Interest	2,022	6,616	904	3,113
Material and Supplies Inventory	57,082	60,382	20,436	21,994
Restricted:				
Cash	212,631	145,851	174,870	328,829
Total Current Assets	<u>3,100,889</u>	<u>2,435,388</u>	<u>1,256,569</u>	<u>1,190,750</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	688,492	688,492	326,164	326,164
Construction in Progress	192,157	79,644	173,526	-
Capital Assets, Net of Accumulated Depreciation	<u>6,742,871</u>	<u>6,974,373</u>	<u>5,812,921</u>	<u>6,016,271</u>
Total Noncurrent Assets	<u>7,623,520</u>	<u>7,742,509</u>	<u>6,312,611</u>	<u>6,342,435</u>
Total Assets	<u>10,724,409</u>	<u>10,177,897</u>	<u>7,569,180</u>	<u>7,533,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	731,225	771,532	168,744	178,046
Deferred OPEB Related Items	34,827	-	10,061	-
Total Deferred Outflows of Resources	<u>766,052</u>	<u>771,532</u>	<u>178,805</u>	<u>178,046</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	129,245	55,053	18,293	8,402
Interest Payable	5,553	6,173	29,940	31,571
Other Payables	127,926	41,650	-	-
Unearned Availability Charges	37,742	38,438	13,580	13,800
Current Portion of Long-term Liabilities	<u>96,763</u>	<u>111,446</u>	<u>132,293</u>	<u>128,047</u>
Total Current Liabilities	<u>397,229</u>	<u>252,760</u>	<u>194,106</u>	<u>181,820</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Liabilities	<u>4,229,718</u>	<u>4,146,739</u>	<u>3,095,778</u>	<u>3,137,833</u>
Total Noncurrent Liabilities	<u>4,229,718</u>	<u>4,146,739</u>	<u>3,095,778</u>	<u>3,137,833</u>
Total Liabilities	<u>4,626,947</u>	<u>4,399,499</u>	<u>3,289,884</u>	<u>3,319,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>81,800</u>	<u>217,826</u>	<u>18,877</u>	<u>50,267</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	7,014,953	7,061,173	3,964,976	3,870,235
Restricted for Debt Service	89,334	89,334	171,537	171,537
Restricted for Wastewater Expansion	119,964	53,184	-	153,959
Unrestricted (deficit)	<u>(442,537)</u>	<u>(871,587)</u>	<u>302,711</u>	<u>145,580</u>
Total Net Position	<u>\$ 6,781,714</u>	<u>\$ 6,332,104</u>	<u>\$ 4,439,224</u>	<u>\$ 4,341,311</u>

Sewer Treatment		Ambulance		Total Enterprise Funds	
2021	2020	2021	2020	2021	2020
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
1,235,490	1,088,237	238,481	145,224	4,838,479	3,802,954
17,980	17,862	557,372	405,349	1,047,255	864,935
182,531	46,184	-	-	228,655	88,695
-	-	-	-	5,978	4,625
828	3,705	(17)	140	3,737	13,574
-	-	-	-	77,518	82,376
148,553	96,992	-	-	536,054	571,672
<u>1,585,382</u>	<u>1,252,980</u>	<u>795,836</u>	<u>550,713</u>	<u>6,738,676</u>	<u>5,429,831</u>
-	-	-	-	1,014,656	1,014,656
220,198	31,051	-	-	585,881	110,695
<u>5,125,648</u>	<u>5,119,645</u>	<u>434,511</u>	<u>452,247</u>	<u>18,115,951</u>	<u>18,562,536</u>
<u>5,345,846</u>	<u>5,150,696</u>	<u>434,511</u>	<u>452,247</u>	<u>19,716,488</u>	<u>19,687,887</u>
<u>6,931,228</u>	<u>6,403,676</u>	<u>1,230,347</u>	<u>1,002,960</u>	<u>26,455,164</u>	<u>25,117,718</u>
224,992	237,395	-	-	1,124,961	1,186,973
10,835	-	-	-	55,723	-
<u>235,827</u>	<u>237,395</u>	<u>-</u>	<u>-</u>	<u>1,180,684</u>	<u>1,186,973</u>
142,680	136,741	25,965	18,221	316,183	218,417
-	-	-	-	35,493	37,744
122,685	-	-	-	250,611	41,650
-	-	-	-	51,322	52,238
15,022	13,950	-	-	244,078	253,443
<u>280,387</u>	<u>150,691</u>	<u>25,965</u>	<u>18,221</u>	<u>897,687</u>	<u>603,492</u>
1,171,781	1,071,198	-	-	8,497,277	8,355,770
<u>1,171,781</u>	<u>1,071,198</u>	<u>-</u>	<u>-</u>	<u>8,497,277</u>	<u>8,355,770</u>
<u>1,452,168</u>	<u>1,221,889</u>	<u>25,965</u>	<u>18,221</u>	<u>9,394,964</u>	<u>8,959,262</u>
25,168	67,023	-	-	125,845	335,116
5,345,846	5,150,696	434,511	452,247	16,760,286	16,534,351
-	-	-	-	260,871	260,871
148,552	96,991	-	-	268,516	304,134
195,321	104,472	769,871	532,492	825,366	(89,043)
<u>\$ 5,689,719</u>	<u>\$ 5,352,159</u>	<u>\$ 1,204,382</u>	<u>\$ 984,739</u>	<u>\$ 18,115,039</u>	<u>\$ 17,010,313</u>

**Running Springs Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
Years Ended June 30, 2021 and 2020

	Water		Sewer Collection	
	2021	2020	2021	2020
<b>OPERATING REVENUES</b>				
Monthly Service Charges	\$ 1,307,263	\$ 1,267,594	\$ 1,100,051	\$ 1,045,050
Usage Charges	917,649	816,133	-	-
Delinquent Charges	29,716	31,907	24,520	22,331
Other Revenues	2,370	6,502	1,708	3,472
Turn-on and Shut-off Charges	8,238	27,052	-	-
Operating Grants and Contributions	-	-	-	-
Charges to Upstream Users	-	-	-	-
<b>Total Operating Revenues</b>	<b>2,265,236</b>	<b>2,149,188</b>	<b>1,126,279</b>	<b>1,070,853</b>
<b>OPERATING EXPENSES</b>				
Source of Supply	353,511	101,190	-	-
Pumping	80,059	76,657	-	-
Water Treatment	22,247	19,502	-	-
Sewage Collections	-	-	66,532	121,609
Sewage Treatment	-	-	-	-
Salaries and Benefits	703,642	878,225	407,351	446,002
Administrative Expenses	457,846	477,820	127,731	132,451
Others	82,833	76,409	52,161	44,831
Depreciation	290,720	286,137	198,388	199,261
<b>Total Operating Expenses</b>	<b>1,990,858</b>	<b>1,915,940</b>	<b>852,163</b>	<b>944,154</b>
<b>Operating Income (Loss)</b>	<b>274,378</b>	<b>233,248</b>	<b>274,116</b>	<b>126,699</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Assessments - Availability Charges	41,188	38,093	14,411	8,796
Investment Earnings	11,668	31,123	4,962	15,299
Leasing Revenue	21,186	17,350	-	-
Miscellaneous	2,000	2,877	720	2,951
Gain/(Loss) on Disposal of Capital Assets	4,441	-	(8,626)	-
Interest on Long-term Debt	(15,945)	(19,785)	(45,341)	(47,778)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>64,538</b>	<b>69,658</b>	<b>(33,874)</b>	<b>(20,732)</b>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	<b>338,916</b>	<b>302,906</b>	<b>240,242</b>	<b>105,967</b>
Capital Contributions	110,694	41,155	69,780	62,782
Transfers In	-	-	-	-
Transfers Out	-	-	(212,109)	-
<b>Change in Net Position</b>	<b>449,610</b>	<b>344,061</b>	<b>97,913</b>	<b>168,749</b>
<b>Net Position, Beginning of Year</b>	<b>6,332,104</b>	<b>5,988,043</b>	<b>4,341,311</b>	<b>4,172,562</b>
<b>Net Position, End of Year</b>	<b>\$ 6,781,714</b>	<b>\$ 6,332,104</b>	<b>\$ 4,439,224</b>	<b>\$ 4,341,311</b>

Sewer Treatment		Ambulance		Total Enterprise Funds	
2021	2020	2021	2020	2021	2020
\$ 793,739	\$ 793,739	\$ 572,709	\$ 436,964	\$ 3,773,762	\$ 3,543,347
151,745	137,796	-	-	1,069,394	953,929
5,383	5,383	-	-	59,619	59,621
-	-	156,299	-	160,377	9,974
-	-	-	-	8,238	27,052
-	-	194,653	178,357	194,653	178,357
602,616	447,734	-	-	602,616	447,734
<u>1,553,483</u>	<u>1,384,652</u>	<u>923,661</u>	<u>615,321</u>	<u>5,868,659</u>	<u>5,220,014</u>
-	-	-	-	353,511	101,190
-	-	-	-	80,059	76,657
-	-	-	-	22,247	19,502
-	-	-	-	66,532	121,609
323,702	266,978	-	-	323,702	266,978
553,831	489,943	447,111	391,194	2,111,935	2,205,364
137,556	142,639	89,170	101,885	812,303	854,795
78,943	70,666	153,969	224,281	367,906	416,187
285,609	294,219	48,596	31,916	823,313	811,533
<u>1,379,641</u>	<u>1,264,445</u>	<u>738,846</u>	<u>749,276</u>	<u>4,961,508</u>	<u>4,873,815</u>
<u>173,842</u>	<u>120,207</u>	<u>184,815</u>	<u>(133,955)</u>	<u>907,151</u>	<u>346,199</u>
-	5,798	-	-	55,599	52,687
5,146	15,614	297	5,181	22,073	67,217
-	-	-	-	21,186	17,350
-	-	34,531	6,614	37,251	12,442
(53,537)	-	-	-	(57,722)	-
-	-	-	-	(61,286)	(67,563)
<u>(48,391)</u>	<u>21,412</u>	<u>34,828</u>	<u>11,795</u>	<u>17,101</u>	<u>82,133</u>
125,451	141,619	219,643	(122,160)	924,252	428,332
-	-	-	-	180,474	103,937
212,109	-	-	-	212,109	-
-	-	-	-	(212,109)	-
<u>337,560</u>	<u>141,619</u>	<u>219,643</u>	<u>(122,160)</u>	<u>1,104,726</u>	<u>532,269</u>
<u>5,352,159</u>	<u>5,210,540</u>	<u>984,739</u>	<u>1,106,899</u>	<u>17,010,313</u>	<u>16,478,044</u>
<u>\$ 5,689,719</u>	<u>\$ 5,352,159</u>	<u>\$ 1,204,382</u>	<u>\$ 984,739</u>	<u>\$ 18,115,039</u>	<u>\$ 17,010,313</u>

**Running Springs Water District**  
**Statements of Cash Flows**  
**Proprietary Funds**  
Years Ended June 30, 2021 and 2020

	Water		Sewer Collection	
	2021	2020	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 2,256,664	\$ 2,137,933	\$ 1,104,672	\$ 1,076,949
Cash Payments for Employee Services	(1,411,959)	(1,066,231)	(347,825)	(502,790)
Cash Paid to Suppliers	(177,776)	(414,815)	(239,894)	(240,148)
Other Operating Cash Receipts	23,186	20,227	720	2,951
Net Cash Provided (Used) by Operating Activities	<u>690,115</u>	<u>677,114</u>	<u>517,673</u>	<u>336,962</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Availability Charges	37,550	33,176	12,167	5,785
Cash Received (Paid to) Other Funds	-	-	(212,109)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>37,550</u>	<u>33,176</u>	<u>(199,942)</u>	<u>5,785</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(127,710)	(29,081)	(177,190)	(79,123)
Proceeds from Sale of Capital Assets	24,304	-	-	-
Proceeds from Installments Payable	-	647	-	-
Capital Contributions	110,694	41,155	69,780	62,782
Principal Payments on Debt	(72,770)	(71,262)	(124,565)	(122,243)
Interest Paid	(16,565)	(18,719)	(46,972)	(49,295)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(82,047)</u>	<u>(77,260)</u>	<u>(278,947)</u>	<u>(187,879)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	16,263	32,458	7,171	16,888
Net Cash Provided (Used) by Investing Activities	<u>16,263</u>	<u>32,458</u>	<u>7,171</u>	<u>16,888</u>
Net Increase (Decrease) in Cash and Cash Equivalents	661,881	665,488	45,955	171,756
Cash and Cash Equivalents, Beginning of Year	<u>2,093,110</u>	<u>1,427,622</u>	<u>952,063</u>	<u>780,307</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,754,991</u>	<u>\$ 2,093,110</u>	<u>\$ 998,018</u>	<u>\$ 952,063</u>
<b>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>				
Current Assets:				
Cash	\$ 950	\$ 950	\$ 50	\$ 50
Temporary Investments	2,541,410	1,946,309	823,098	623,184
Restricted Cash	212,631	145,851	174,870	328,829
Totals	<u>\$ 2,754,991</u>	<u>\$ 2,093,110</u>	<u>\$ 998,018</u>	<u>\$ 952,063</u>

Sewer Treatment		Ambulance		Total Enterprise Funds	
2021	2020	2021	2020	2021	2020
\$ 1,417,018	\$ 1,374,478	\$ 771,638	\$ 650,936	\$ 5,549,992	\$ 5,240,296
(492,313)	(532,579)	(440,874)	(462,682)	(2,692,971)	(2,564,282)
(411,727)	(290,455)	(241,632)	(253,442)	(1,071,029)	(1,198,860)
-	-	34,531	6,614	58,437	29,792
<u>512,978</u>	<u>551,444</u>	<u>123,663</u>	<u>(58,574)</u>	<u>1,844,429</u>	<u>1,506,946</u>
-	(3,007)	-	-	49,717	35,954
<u>212,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>212,109</u>	<u>(3,007)</u>	<u>-</u>	<u>-</u>	<u>49,717</u>	<u>35,954</u>
(537,081)	(66,197)	(30,860)	(323,899)	(872,841)	(498,300)
2,785	-	-	-	27,089	-
-	-	-	-	-	647
-	-	-	-	180,474	103,937
-	-	-	-	(197,335)	(193,505)
-	-	-	-	(63,537)	(68,014)
<u>(534,296)</u>	<u>(66,197)</u>	<u>(30,860)</u>	<u>(323,899)</u>	<u>(926,150)</u>	<u>(655,235)</u>
<u>8,023</u>	<u>15,653</u>	<u>454</u>	<u>7,478</u>	<u>31,911</u>	<u>72,477</u>
<u>8,023</u>	<u>15,653</u>	<u>454</u>	<u>7,478</u>	<u>31,911</u>	<u>72,477</u>
198,814	497,893	93,257	(374,995)	999,907	960,142
<u>1,185,229</u>	<u>687,336</u>	<u>145,224</u>	<u>520,219</u>	<u>4,375,626</u>	<u>3,415,484</u>
<u>\$ 1,384,043</u>	<u>\$ 1,185,229</u>	<u>\$ 238,481</u>	<u>\$ 145,224</u>	<u>\$ 5,375,533</u>	<u>\$ 4,375,626</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
1,235,490	1,088,237	238,481	145,224	4,838,479	3,802,954
148,553	96,992	-	-	536,054	571,672
<u>\$ 1,384,043</u>	<u>\$ 1,185,229</u>	<u>\$ 238,481</u>	<u>\$ 145,224</u>	<u>\$ 5,375,533</u>	<u>\$ 4,375,626</u>

Continued



**Running Springs Water District**  
**Statements of Cash Flows**  
**Proprietary Funds**  
Years Ended June 30, 2021 and 2020

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	Water		Sewer Collection	
	2021	2020	2021	2020
Operating Income (Loss)	\$ 274,378	\$ 233,248	\$ 274,116	\$ 126,699
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation	290,720	286,137	198,388	199,261
Other Income	23,186	20,227	720	2,951
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(8,572)	(11,255)	(21,607)	6,096
(Increase) Decrease in Inventory	3,299	(1,875)	1,558	241
(Increase) Decrease in Deferred Outflows	5,480	60,596	(759)	13,984
Increase (Decrease) in Accounts Payable	26,415	(21,509)	4,972	(42,373)
Increase (Decrease) in Accrued Wages	(16,106)	15,928	4,919	(1,006)
Increase (Decrease) in Other Payables	86,276	10,966	-	-
Increase (Decrease) in Compensated Absences	(84,498)	(87,241)	9,398	(8,216)
Increase (Decrease) in Net Pension Liability	142,926	179,299	32,983	41,377
Increase (Decrease) in Total OPEB Liability	82,637	20,841	44,375	4,467
Increase (Decrease) in Deferred Inflows	(136,026)	(28,248)	(31,390)	(6,519)
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 690,115</b>	<b>\$ 677,114</b>	<b>\$ 517,673</b>	<b>\$ 336,962</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets on Account	\$ 63,883	\$ -	\$ -	\$ -

Sewer Treatment		Ambulance		Total Business-type Activities	
2021	2020	2021	2020	2021	2020
\$ 173,842	\$ 120,207	\$ 184,815	\$ (133,955)	\$ 907,151	\$ 346,199
285,609	294,219	48,596	31,916	823,313	811,533
-	-	34,531	6,614	58,437	29,792
(136,465)	(10,174)	(152,023)	35,615	(318,667)	20,282
-	-	-	-	4,857	(1,634)
1,568	18,644	-	-	6,289	93,224
5,788	81,194	1,507	(4,872)	38,682	12,440
151	4,610	6,237	6,108	(4,799)	25,640
122,685	-	-	-	208,961	10,966
5,358	(8,200)	-	-	(69,742)	(103,657)
43,978	55,169	-	-	219,887	275,845
52,319	4,467	-	-	179,331	29,775
(41,855)	(8,692)	-	-	(209,271)	(43,459)
<u>\$ 512,978</u>	<u>\$ 551,444</u>	<u>\$ 123,663</u>	<u>\$ (58,574)</u>	<u>\$ 1,844,429</u>	<u>\$ 1,506,946</u>

\$ -    \$ -    \$ -    \$ -    \$ 63,883    \$ -

**Running Springs Water District**  
**Statements of Fiduciary Net Position**  
**Custodial Fund (Assessment Districts)**  
June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash with Fiscal Agent	\$ 116,475	\$ 116,463
Temporary Investments	195,576	146,982
Total Assets	312,051	263,445
<b>LIABILITIES</b>		
Accounts Payable	556	649
Total Liabilities	556	649
<b>NET POSITION</b>		
Restricted:		
Held for the benefit of others	311,495	262,796
Total Net Position	\$ 311,495	\$ 262,796

**Running Springs Water District**  
**Statements of Changes in Fiduciary Net Position**  
**Custodial Fund (Assessment Districts)**  
June 30, 2021 and 2020

	2021	2020
<b>ADDITIONS</b>		
Contributions:		
Taxes and assessments collected for others	\$ 154,365	\$ 92,155
Investment Earnings:		
Interest	6	1,336
Total Additions	154,371	92,155
<b>DEDUCTIONS</b>		
General and Administrative	25,222	17,882
Interest and Fiscal Charges	80,450	81,010
Total Deductions	105,672	98,892
Net Increase (decrease) in fiduciary net position	48,699	(6,737)
Net Position, beginning of the year (restated)	262,796	269,533
Net Position, end of the year	\$ 311,495	\$ 262,796

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Summary of Significant Accounting Policies	40-47
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**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Business and Reporting Entity**

The Running Springs Water District (the "District") was organized on March 17, 1958 under authority of the California Water Code. The District has been engaged in financing, constructing, operating, maintaining and furnishing water service to its customers since inception. In 1962, the District established a fire department to provide fire protection for the area included in the Water District. In 1976, the sewage disposal system was completed to provide sewer service for the District. An ambulance service has been provided by the District since 1983. In 2005, the Board adopted Ordinance No. 26 which provides authorization for the removal of dead or dying trees. The District is governed by a five-member Board of Directors whose members are elected by the registered voters in the District to staggered four-year terms.

The Board of Directors and officers of the District at June 30, 2021 are as follows:

NAME	OFFICER	TERM EXPIRES
Errol Mackzum	President	December 2024
Michael Terry	Vice-President	December 2024
Laura Dyber	Director	December 2022
William Conrad	Director	December 2022
Mark Acciani	Director	December 2022
Ryan Gross	General Manager	
Amie Crowder	Secretary/Treasurer	

The Board of Directors meets on the third Wednesday of each month.

**Reporting Entity**

In determining the agencies or entities which comprise the governmental entity for financial reporting purposes, the criteria of oversight responsibility over such entities, special financing relationships and scope of public service provided by the entities are used. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, the District has no component units at this time.

**B. Government-Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Government-Wide and Fund Financial Statements - Continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund, proprietary funds and fiduciary fund.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fire assessment taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. Only that portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued**

The District reports the following major governmental fund:

The *Fire Protection Fund* - used to account for all activities relating to the District's Fire department.

The District reports the following proprietary funds:

The *Water Fund* - used to account for all activities relating to the District's water service operations.

The *Sewer Collection Fund* - used to account for all activities relating to the District's sewer collection operations.

The *Sewer Treatment Fund* - used to account for all activities relating to the District's sewer treatment operations.

The *Ambulance Fund* - used to account for all activities relating to the District's ambulance services.

Additionally, the District reports a *Custodial Fund* which is used to account for assets held by the District as a custodian for property owners.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Donated plant and cash received for capital improvement without the requirement that the District give resources in exchange are recorded as contributions.



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently reports deferred outflows resulting from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows resulting from the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which qualify for reporting in this category.

**E. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

**F. Cash and Investments**

Investments for the District are reported at fair value.

For purposes of reporting changes in cash flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

**G. Customer Billings and Allowance for Uncollectible Accounts**

Customers are billed on a monthly basis and the related revenues are recorded when customers are billed. Unbilled services are accrued at year-end.

Ambulance customers are billed after service has been provided. The District provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of the ambulance receivables. The allowance for uncollectible ambulance fees was \$726,264 and \$866,678 at June 30, 2021 and 2020, respectively.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Inventories**

Inventories of materials and supplies, consisting of parts used for utility plant construction and repair, are carried at cost using the first-in, first-out method.

**I. Restricted Assets**

The District holds certain funds which are restricted for specific purposes. These restricted funds consist principally of construction receivable - upstream users (for debt service payments and repayment of funds advanced by the District for the water treatment expansion), debt service reserve requirements, and wastewater expansion charges collected. These funds are not available for general operations.

**J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year except for movable assets (assets that are freestanding and movable - vehicles, furniture, software and equipment) which are capitalized with initial cost of \$1,000 or more. As the District acquires or constructs capital assets they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. For the current fiscal year no interest was capitalized. Total interest charged to expense for the 2020-21 and 2019-20 fiscal years was \$61,286 and \$67,563, respectively.

Capital contributions represent cash or capital asset additions contributed to the District by property owners or developers desiring service that require capital expenditures or capacity commitment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Plant and Facilities	20 - 75
Furniture and Equipment	3 - 10
Trucks and Automobiles	5

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K. Compensated Absences Liability**

Employees are entitled to accumulate vacation leave. The total accumulated vacation time shall not exceed the total hours accrued in the preceding year in addition to the current year's accrual. Once the maximum limit is reached, all further accruals will cease until after an employee has taken vacation and his or her accrued vacation has dropped below the maximum limit. Upon termination of employment for any reason, the District shall compensate the employee for his/her accumulated vacation time at his/her straight time rate of pay at the time of termination. If an employee has reached the maximum accrual limit and is unable to take vacation because of the Department's workload, the following alternatives may be made available: (1) the General Manager may approve a waiver on the limit of maximum hours that may be accrued; or (2) the employee may request that the District buy back the unused vacation time, in accordance with the District's personnel policy manual. Any determinations in this regard are at the sole discretion of the General Manager.

Regular full-time 40-hour week employees accrue 8 hours of sick time per month while 24-hour shift regular full-time employees accrue 12 hours of sick time per month. Upon termination of employment accrued sick time is only paid out based on an approved District formula to eligible employees who have 10 or more years of continuous service with the District and voluntarily terminate their employment with the District.

In accordance with generally accepted accounting principles, the liability for the above accruals is reflected on the government-wide and proprietary fund financial statements, and the current year allocation has been expensed.

**L. Fund Balance**

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L. Fund Balance - Continued**

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the Board of Directors by ordinance or resolution to formally commit part of the Fire Fund's fund balance or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Board of Director's action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Board's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The District's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the General Manager.

Unassigned Fund Balance - These are either residual positive net resources of the Fire Fund in excess of what can properly be classified in one of the other four categories, or negative balances.

**M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

**N. Property Tax**

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1	
Levy Year	July 1 to June 30	
Due Dates	November 1	1st Installment
	February 1	2nd Installment
Delinquent Dates	December 10	1st Installment
	April 10	2nd Installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to agencies based on complex formulas prescribed by state statutes.

**O. Reclassifications**

Certain amounts in the June 30, 2020 financial statements have been reclassified to conform to the June 30, 2021 presentation.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**P. New Accounting Pronouncements**

The Governmental Accounting Standards Board has issued the following Statements, which may affect the District's financial reporting requirements in the future:

*GASB 87 - Leases:* This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

*GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period:* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**Q. Pensions**

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

**R. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within curtailed defined timeframes. For this report, the following timeframes are used:

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

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**2) CASH AND TEMPORARY INVESTMENTS**

Cash and investments at June 30, 2021 and 2020 are presented as follows:

	Government- wide Statement of Net Position	Statement of Fiduciary Net Position	2021 Total	2020 Total
Cash	\$ 607,974	\$ -	\$ 607,974	\$ 443,024
Temporary Investments	5,638,244	195,576	5,833,820	4,863,524
Restricted Cash	543,988	-	543,988	579,606
Cash with Fiscal Agent	-	116,475	116,475	116,463
<b>Total</b>	<b>\$ 6,790,206</b>	<b>\$ 312,051</b>	<b>\$ 7,102,257</b>	<b>\$ 6,002,617</b>

Cash and investments consist of the following at June 30, 2021 and 2020:

	2021	2020
Deposits with Financial Institutions	\$ 621,590	\$ 456,641
Petty Cash	1,000	1,000
Local Agency Investment Fund (LAIF)	6,363,193	5,428,513
Held by Bond Trustee:		
Money Market Fund	116,474	116,463
<b>Total Cash and Investments</b>	<b>\$ 7,102,257</b>	<b>\$ 6,002,617</b>

**Restricted Cash**

At June 30, 2021 and 2020, the District had the following cash balances restricted for specific purposes:

Restricted for:	Restricted Cash	
	2021	2020
Workers' Compensation Insurance Claims	\$ 14,601	\$ 14,601
SRF Loan Debt Service Reserve	260,871	260,871
Water and Wastewater Capacity Expansion	268,516	304,134
<b>Total</b>	<b>\$ 543,988</b>	<b>\$ 579,606</b>

**Investments Authorized by the California Government Code and the District's Investment Policy**

The District's investment policy authorizes investment in the LAIF. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. Cash and investments held and invested by fiscal agents on behalf of the District are pledged for payment or security of certain long-term debt issuances. Fiscal agents are mandated by bond indentures as to the types of investments in which such funds can be invested.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**2) CASH AND TEMPORARY INVESTMENTS - Continued**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rates risk by limiting its investments in the State's investment pool. At June 30, 2021 and 2020, the District had the following investments:

	2021 Amount	2021 Maturity Date 12 Months or Less	2020 Amount	2020 Maturity Date 12 Months or Less
LAIF	\$ 6,363,193	\$ 6,363,193	\$ 5,428,513	\$ 5,428,513
Held by Bond Trustee: Money Market Fund	116,474	116,474	116,463	116,463
Total	<u>\$ 6,479,667</u>	<u>\$ 6,479,667</u>	<u>\$ 5,544,976</u>	<u>\$ 5,544,976</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or debt agreements, and the actual rating as of year-end.

Investment Type	2021 Amount	Minimum Legal Rating	Aaa	Not Rated	2020 Amount
LAIF	\$ 6,363,193	None	\$ -	\$ 6,363,193	\$ 5,428,513
Held by Bond Trustee: Money Market Fund	116,474	N/A	116,474	-	116,463
Total	<u>\$ 6,479,667</u>		<u>\$ 116,474</u>	<u>\$ 6,363,193</u>	<u>\$ 5,544,976</u>

**Concentration of Credit Risk**

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2021 and 2020, the District had no investments in any one issuer (other than external pools) that represent 5% or more of total District investments.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**2) CASH AND TEMPORARY INVESTMENTS - Continued**

**Custodial Credit Risk**

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

As of June 30, 2021 and 2020, the District did not have any deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

**Fair Value of Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments subject to GASB 72 fair value measurements.

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value 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.



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**3) ACCOUNTS RECEIVABLE - CUSTOMERS**

Accounts receivable from customers consists of the following at June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Customers - Water and Sewer	\$ 489,883	\$ 460,586
Ambulance Receivable	1,283,636	1,271,027
Allowance for Uncollectible Ambulance Charges	<u>(726,264)</u>	<u>(866,678)</u>
	<u>\$ 1,047,255</u>	<u>\$ 864,935</u>

Management considers the receivables from water and sewer customers to be fully collectible; accordingly, no allowance for doubtful accounts for water and sewer customers has been established.

**4) OTHER RECEIVABLES**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Availability Charges	\$ 11,495	\$ 13,036	\$ 45,964	\$ 42,352
Brookings Mutual Water	-	-	160	160
Upstream Users	-	-	<u>182,531</u>	<u>46,183</u>
Total	<u>\$ 11,495</u>	<u>\$ 13,036</u>	<u>\$ 228,655</u>	<u>\$ 88,695</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**5) CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 414,676	\$ -	\$ -	\$ 414,676
Construction in Progress	-	12,340	12,340	-
Total Capital Assets Not Depreciated	414,676	12,340	12,340	414,676
Capital Assets, Being Depreciated:				
Structures and Improvements	523,806	18,340	-	542,146
Fire Trucks and Mounted Equipment	1,109,362	13,289	-	1,122,651
Special Purpose Equipment	412,466	13,174	-	425,640
Office Equipment	39,256	-	-	39,256
Shop and Station Equipment	45,450	-	-	45,450
Communication Equipment	51,056	-	-	51,056
Total Capital Assets Being Depreciated	2,181,396	44,803	-	2,226,199
Less Accumulated Depreciation:				
Structures and Improvements	(340,110)	(14,399)	-	(354,509)
Fire Trucks and Mounted Equipment	(923,337)	(39,901)	-	(963,238)
Special Purpose Equipment	(266,035)	(15,850)	-	(281,885)
Office Equipment	(21,534)	(6,381)	-	(27,915)
Shop and Station Equipment	(20,648)	(6,943)	-	(27,591)
Communication Equipment	(12,477)	(5,707)	-	(18,184)
Total Accumulated Depreciation	(1,584,141)	(89,181)	-	(1,673,322)
Total Capital Assets Being Depreciated, Net	597,255	(44,378)	-	552,877
Governmental Activities Capital Assets, Net	<u>\$ 1,011,931</u>	<u>\$ (32,038)</u>	<u>\$ 12,340</u>	<u>\$ 967,553</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**5) CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 1,014,656	\$ -	\$ -	\$ 1,014,656
Construction in Progress	110,695	769,408	294,222	585,881
<b>Total Capital Assets Not Depreciated</b>	<b>1,125,351</b>	<b>769,408</b>	<b>294,222</b>	<b>1,600,537</b>
Capital Assets, Being Depreciated:				
Water Plant and Facilities	12,046,633	6,820	240,953	11,812,500
Sewer Plant and Facilities	21,082,657	340,583	65,650	21,357,590
Furniture and Equipment	1,009,580	114,138	5,981	1,117,737
Trucks and Automobiles	1,189,597	-	-	1,189,597
<b>Total Capital Assets Being Depreciated</b>	<b>35,328,467</b>	<b>461,541</b>	<b>312,584</b>	<b>35,477,424</b>
Less Accumulated Depreciation:				
Water Plant and Facilities	(5,168,231)	(259,404)	(221,090)	(5,206,545)
Sewer Plant and Facilities	(10,030,950)	(464,956)	(700)	(10,495,206)
Furniture and Equipment	(738,097)	(65,174)	(5,981)	(797,290)
Trucks and Automobiles	(828,653)	(33,779)	-	(862,432)
<b>Total Accumulated Depreciation</b>	<b>(16,765,931)</b>	<b>(823,313)</b>	<b>(227,771)</b>	<b>(17,361,473)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>18,562,536</b>	<b>(361,772)</b>	<b>84,813</b>	<b>18,115,951</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 19,687,887</b>	<b>\$ 407,636</b>	<b>\$ 379,035</b>	<b>\$ 19,716,488</b>

For the fiscal year ended June 30, 2021, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Fire Protection	<u>\$ 89,181</u>
Business-type Activities:	
Water	\$ 290,720
Sewer Collection	198,310
Sewer Treatment	285,687
Ambulance	<u>48,596</u>
<b>Total Business-type Activities</b>	<b>\$ 823,313</b>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**5) CAPITAL ASSETS - Continued**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 414,676	\$ -	\$ -	\$ 414,676
Construction in Progress	3,069	20,330	23,399	-
Total Capital Assets Not Depreciated	417,745	20,330	23,399	414,676
Capital Assets, Being Depreciated:				
Structures and Improvements	523,806	-	-	523,806
Fire Trucks and Mounted Equipment	1,109,362	-	-	1,109,362
Special Purpose Equipment	371,307	41,159	-	412,466
Office Equipment	32,801	6,455	-	39,256
Shop and Station Equipment	45,450	-	-	45,450
Communication Equipment	11,108	39,948	-	51,056
Total Capital Assets Being Depreciated	2,093,834	87,562	-	2,181,396
Less Accumulated Depreciation:				
Structures and Improvements	(325,876)	(14,234)	-	(340,110)
Fire Trucks and Mounted Equipment	(879,039)	(44,298)	-	(923,337)
Special Purpose Equipment	(252,438)	(13,597)	-	(266,035)
Office Equipment	(15,341)	(6,193)	-	(21,534)
Shop and Station Equipment	(13,705)	(6,943)	-	(20,648)
Communication Equipment	(11,108)	(1,369)	-	(12,477)
Total Accumulated Depreciation	(1,497,507)	(86,634)	-	(1,584,141)
Total Capital Assets Being Depreciated, Net	596,327	928	-	597,255
Governmental Activities Capital Assets, Net	<u>\$ 1,014,072</u>	<u>\$ 21,258</u>	<u>\$ 23,399</u>	<u>\$ 1,011,931</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**5) CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 1,014,656	\$ -	\$ -	\$ 1,014,656
Construction in Progress	82,037	54,756	26,098	110,695
<b>Total Capital Assets Not Depreciated</b>	<b>1,096,693</b>	<b>54,756</b>	<b>26,098</b>	<b>1,125,351</b>
Capital Assets, Being Depreciated:				
Water Plant and Facilities	12,037,038	9,595	-	12,046,633
Sewer Plant and Facilities	21,012,518	70,139	-	21,082,657
Furniture and Equipment	860,035	149,545	-	1,009,580
Trucks and Automobiles	949,234	240,363	-	1,189,597
<b>Total Capital Assets Being Depreciated</b>	<b>34,858,825</b>	<b>469,642</b>	<b>-</b>	<b>35,328,467</b>
Less Accumulated Depreciation:				
Water Plant and Facilities	(4,907,129)	(261,102)	-	(5,168,231)
Sewer Plant and Facilities	(9,555,250)	(475,700)	-	(10,030,950)
Furniture and Equipment	(678,819)	(59,278)	-	(738,097)
Trucks and Automobiles	(813,200)	(15,453)	-	(828,653)
<b>Total Accumulated Depreciation</b>	<b>(15,954,398)</b>	<b>(811,533)</b>	<b>-</b>	<b>(16,765,931)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>18,904,427</b>	<b>(341,891)</b>	<b>-</b>	<b>18,562,536</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 20,001,120</b>	<b>\$ (287,135)</b>	<b>\$ 26,098</b>	<b>\$ 19,687,887</b>

For the fiscal year ended June 30, 2020, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Fire Protection	<u>\$ 86,634</u>
Business-type Activities:	
Water	\$ 286,137
Sewer Collection	199,261
Sewer Treatment	294,219
Ambulance	<u>31,916</u>
<b>Total Business-type Activities</b>	<b>\$ 811,533</b>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**6) OTHER PAYABLES**

Other payables consist of the following at June 30, 2021 and 2020:

	Business-Type Activities	
	June 30, 2021	June 30, 2020
Customer Deposits	\$ 250,563	\$ 41,602
Miscellaneous	48	48
Total	\$ 250,611	\$ 41,650

**7) LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for the year ended June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 169,217	\$ 251,585	\$ 234,705	\$ 186,097	\$ 37,219
Total OPEB Liability	261,727	-	39,314	222,413	-
Net Pension Liability	3,458,768	155,683	-	3,614,451	-
Total	\$ 3,889,712	\$ 407,268	\$ 274,019	\$ 4,022,961	\$ 37,219
<b>Business-Type Activities</b>					
Loans from direct borrowings and direct placements:					
Sewer Treatment, SWRCB					
Installment Payable, 2014	\$ 2,472,200	\$ -	\$ 124,565	\$ 2,347,635	\$ 126,932
Water Supply, 2015					
Installment Payable, Ayers Water, SWRCB AMR	298,124	-	55,674	242,450	57,583
Installment Payable	383,213	-	17,096	366,117	17,403
Total direct	3,153,537	-	197,335	2,956,202	201,918
Compensated Absences	280,542	171,130	240,870	210,802	42,160
Total OPEB Liability	392,589	179,330	-	571,919	-
Net Pension Liability	4,782,545	219,887	-	5,002,432	-
Total	\$ 8,609,213	\$ 570,347	\$ 438,205	\$ 8,741,355	\$ 244,078

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**7) LONG-TERM LIABILITIES - Continued**

The following is a summary of long-term liabilities for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 131,117	\$ 223,923	\$ 185,823	\$ 169,217	\$ 33,843
Total OPEB Liability	241,878	19,849	-	261,727	-
Net Pension Liability	3,258,271	200,497	-	3,458,768	-
<b>Total</b>	<b>\$ 3,631,266</b>	<b>\$ 444,269</b>	<b>\$ 185,823</b>	<b>\$ 3,889,712</b>	<b>\$ 33,843</b>
<b>Business-Type Activities</b>					
Loans from direct borrowings and direct placements:					
Sewer Treatment, SWRCB					
Installment Payable, 2014	\$ 2,594,443	\$ -	\$ 122,243	\$ 2,472,200	\$ 124,565
Water Supply, 2015					
Installment Payable, Ayers Water, SWRCB AMR	351,952	-	53,828	298,124	55,674
Installment Payable	400,000	647	17,434	383,213	17,096
Total direct	3,346,395	647	193,505	3,153,537	197,335
Compensated Absences	384,196	197,096	300,750	280,542	56,108
Total OPEB Liability	362,815	29,774	-	392,589	-
Net Pension Liability	4,506,700	275,845	-	4,782,545	-
<b>Total</b>	<b>\$ 8,600,106</b>	<b>\$ 503,362</b>	<b>\$ 494,255</b>	<b>\$ 8,609,213</b>	<b>\$ 253,443</b>

**2014 SWRCB Installment Payable**

The District entered into an installment sale agreement as of May 15, 2015, with the California State Water Resources Control Board (SWRCB), to finance improvements to certain sewer lift stations (project). The SWRCB agreed to provide project funds of up to \$2,800,000 plus accrued interest of \$33,544, of for a total amount loaned of \$2,833,544. The project was completed in fiscal year 2018-19 and the District began making payments on the loan. The District's obligation to pay the installment payments is limited solely to the net revenues of the sewer collection enterprise. Installment payments will include principal and interest at 1.9% per annum. The installment is a direct borrowing. The term of the agreement is from September 8, 2014 to July 31, 2036.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**7) LONG-TERM LIABILITIES - Continued**

The following represents the future debt service requirements to maturity:

Year Ending June 30,	Principal	Interest
2022	\$ 126,932	\$ 44,605
2023	129,344	42,193
2024	131,801	39,736
2025	134,305	37,232
2026	136,857	34,680
2027	139,457	32,080
2028	142,107	29,430
2029	144,807	26,730
2030	147,559	23,978
2031	150,362	21,175
2032	153,219	18,318
2033	156,130	15,407
2034	159,097	12,440
2035	162,119	9,417
2036	165,200	6,337
2037	168,339	3,198
Total	<u>\$ 2,347,635</u>	<u>\$ 396,956</u>

**2015 Installment Payable**

The District entered into an installment sale agreement on March 1, 2015, with the Municipal Finance Corporation, to finance the District's share of the costs of constructing certain improvements to the water supply facilities. The District received \$550,000 under the agreement, which is to be repaid over a 10-year period, including interest at 3.4%. The District's obligation to pay the installment payments is limited solely to the net revenues of the water enterprise. The net revenues, as defined by the installment agreement, are irrevocably pledged to the payment of the installment payments and any parity obligations. The District has covenanted to set rates and fees which are sufficient to yield net revenues which are at least equal to 115% of the aggregate amount of installment payments each year. The installment payable is a direct borrowing. Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 57,583	\$ 7,758
2023	59,557	5,784
2024	61,599	3,741
2025	63,711	1,629
Total	<u>\$ 242,450</u>	<u>\$ 18,912</u>



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**7) LONG-TERM LIABILITIES - Continued**

**SWRCB AMR Water Installment Payable**

On May 1, 2018, the District entered into an agreement with the State Water Resources Control Board (SWRCB) for the purchase and installation of automatic meter reading (AMR) technology for water meters in the District. The agreement provided \$800,000 in funding for the project with principal forgiveness upon completion of the project of \$400,000. The \$400,000 principal remaining is payable over 20 years with principal and interest payments beginning on December 31, 2019 with an interest rate of 1.8%. The District's obligation to pay the installment payments is limited solely to the net revenues of the water enterprise. The net revenues, as defined by the installment agreement, are irrevocably pledged to the payment of the installment payments and any parity obligations. The District has covenanted to set rates and fees which are sufficient to yield net revenues which are at least equal to 115% of the aggregate amount of installment payments each year. The installment is a direct borrowing. Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 17,403	\$ 6,590
2023	17,717	6,277
2024	18,036	5,958
2025	18,360	5,633
2026	18,691	5,303
2027	19,027	4,966
2028	19,370	4,624
2029	19,718	4,275
2030	20,073	3,920
2031	20,434	3,559
2032	20,802	3,191
2033	21,177	2,817
2034	21,946	2,436
2035	22,341	2,048
2036	22,743	1,652
2037	23,152	1,250
2038	23,569	841
2039	21,558	424
Total	\$ 366,117	\$ 65,764

**8) NO-COMMITMENT DEBT**

On July 21, 2003, the District issued \$1,361,000 limited obligation improvement bonds, Series 2003 for Assessment District No. 10. Interest ranging from 2.50% to 6.00% is payable semi-annually on March 2<sup>nd</sup> and September 2<sup>nd</sup> each year. The Bonds mature September 2<sup>nd</sup> commencing September 2, 2004 and continuing through 2023.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**8) NO-COMMITMENT DEBT - Continued**

The Bonds are limited obligations of the District payable solely from the installments of unpaid assessments levied on the assessment parcels within the District and other funds pledged under the fiscal agent agreement. Neither the faith and credit nor the taxing power of the District, the State of California or any of its political subdivisions is pledged to the payment of principal or the interest on the Bonds. Therefore none of the limited obligation improvement bonds have been included in the accompanying financial statements. As of June 30, 2021, and June 30, 2020, there were outstanding bonds of \$225,000 and \$290,000, respectively. The District in prior years received assessments for the payment of obligations for Assessment District No. 5, 7 and 9. The said obligations have been paid off; however, the District has a total of \$21,525 in excess assessments from the three Assessment Districts. These funds are being used to fund improvements and operations and maintenance in the three Assessment Districts, and are reported in the Custodial Funds.

**9) PENSION PLAN**

**General Information about the Defined Benefit Pension Plan**

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous and Safety Employee Pension Plans, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** - The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2018 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2018 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	8%	6.25%
Required employer contribution rates	13.194% + \$387,604	6.750% + \$937

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**9) PENSION PLAN - Continued**

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	3% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	9%	11.5%
Required employer contribution rates	23.674% + \$300,105	13.044% + \$3,129

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District pays the required employee contribution on behalf of the employees for Miscellaneous and Safety employees hired prior to April 1, 2014. Employees hired after April 1, 2014 pay the required employee contributions. Also, effective July 1, 2015, the District's Board adopted resolutions to phase out, over a 4-year period, the contributions paid by the District on behalf of the employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$691,775 in fiscal year 2021.

For the year ended June 30, 2021, the District's contributions to the Plan was as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 648,154	\$ 614,342

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,002,432
Safety	3,614,451
Total Net Pension Liability	<u>\$ 8,616,883</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**9) PENSION PLAN - Continued**

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2020 and 2021 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2020	0.11943%	0.05541%
Proportion - June 30, 2021	0.11860%	0.05425%
Change - Increase (Decrease)	-0.00083%	-0.00116%

For the year ended June 30, 2021, the District recognized pension expense of \$1,415,434. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 1,262,496	\$ -
Differences between actual and expected experience	538,072	-
Changes in assumptions	-	47,719
Change in employer's proportion	2,073	129,562
Differences between the employer's contributions and the employer's proportionate share of contributions	141,791	11,228
Net differences between projected and actual earnings on plan investments	227,162	-
Total	\$ 2,171,594	\$ 188,509

\$1,262,496 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 114,651
2023	281,077
2024	214,224
2025	110,637
2026	-
Thereafter	-

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**9) PENSION PLAN - Continued**

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**9) 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 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 of 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.

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

	Miscellaneous	Safety
Discount Rate - 1%	6.15%	6.15%
Net Pension Liability	\$ 7,138,070	\$ 5,385,406
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 5,002,431	\$ 3,614,451
Discount Rate + 1%	8.15%	8.15%
Net Pension Liability	\$ 3,237,820	\$ 2,161,215

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

**Payable to the Pension Plan** - At June 30, 2021, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**10) OTHER POSTEMPLOYMENT BENEFITS**

**General Information About the OPEB Plan**

**Plan Description** - The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (“PEMHCA”), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The plan is a single-employer defined benefit post-employment healthcare benefits plan.

**Benefits Provided** - Employees are may retire directly from the District under CalPERS and receive a District contribution. The District contributes the PEMHCA minimum under the unequal method. The contribution is \$27.20 per month for retirees in 2019 and \$34.75 per month for retirees in 2020. Survivor benefits are available. The District also pays the CalPERS administrative fee of 0.27% of

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**10) OTHER POSTEMPLOYMENT BENEFITS - Continued**

premium for 2019/20. The District's health plan does not issue a publicly available financial report.

**Employees Covered by Benefit Terms** - As of the July 1, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees	
currently receiving benefits	2
Active employees	19
	21

**Contributions** - The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. For the fiscal year ended June 30, 2021, the District's pay-as-you-go costs were \$1,214.

**Total OPEB Liability** - The District's total OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated July 1, 2019 (June 30, 2019). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**Actuarial Assumption** - The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.:

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	RP-2014 Employee Healthy Annuitant Mortality Tables
Recognition of deferred Inflows and outflows of resources	Closed period equal to the average of the expected remaining Service lives of all employees provided with OPEB
Health Care Trend Rate	6.00% initial, 5.0% ultimate
Inflation Rate	3.00%
Salary Changes	3.00%
Discount Rate	3.13% - Bond Buyer 20-Bond GO index for 2019 2.45% - Bond Buyer 20-Bond GO index for 2020
Medical CPI	3.50% - used to project PERS statutory minimum benefit

**Discount Rate** - The discount rate used to measure the total OPEB liability was 3.13 percent and 2.45 percent as of June 30, 2019 and June 30, 2020 (measurement period), and is based on the Bond Buyer 20-Bond GO index.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**10) OTHER POSTEMPLOYMENT BENEFITS - Continued**

**Changes in the Total OPEB Liability**

	Total OPEB Liability (TOL)
Balance at June 30, 2020	\$ 654,316
Changes in the year:	
Service cost	32,908
Interest on the total OPEB liability	21,491
Changes of assumptions	86,831
Difference between actual and expected experience	-
Benefit payments, including implicit subsidy	(1,214)
Net changes	140,016
Balance at June 30, 2021	\$ 794,332

**Sensitivity of the Total OPEB Liability to changes in the Discount Rate** - The following presents the total OPEB liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB liability	\$ 950,025	\$ 794,332	\$ 671,045

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

	1% Decrease (4.9% decreasing to 4.0%)	Current Rates (5.9% decreasing to 5.0%)	1% Increase (6.9% decreasing to 6.0%)
Total OPEB liability	\$ 647,564	\$ 794,332	\$ 986,347

**OPEB Expense and Recognition of Deferred Outflows/Inflows of Resources Related to OPEB**

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$63,837.



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**10) OTHER POSTEMPLOYMENT BENEFITS - Continued**

For the reporting year ended June 30, 2021, the District recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ -
Changes of assumptions	77,393	-
Total	\$ 77,393	\$ -

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	\$	
2022	9,438	
2023	9,438	
2024	9,438	
2025	9,438	
2026	9,438	
Thereafter	30,203	

**11) 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 participates in the Special District Risk Management Authority (Authority), a joint powers agreement authority. The Authority was created under the provisions of California Government Code Section 6500 *et. seq.* The Authority is governed by a board consisting of seven members who are elected at-large from the membership. The board controls the operations of the Authority including selection of management and approval of operating budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

The purpose of the Authority is to provide risk financing and risk management services by arranging and administering programs of insurance. The District is insured up to \$10,000,000 with a \$500 deductible per occurrence for property damage claims and \$1,000 per occurrence for property damage losses and up to \$5,000,000 for workers' compensation liability with no deductible. The District is also insured under the Authority for automobile, property, employment practices, employee dishonesty, public officials and employee liability, and various other claims with various coverage limits. Separate financial statements of Authority may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. There were no claims liabilities reported in these financial statements as of June 30, 2021 and 2020.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**12) SALVAGE VALUES PERTAINING TO GRANT MONIES**

The District received a Volunteer Fire Assistance (VFA) award from the State of California Department of Forestry and Fire Protection in the amount of \$180,000 during the year ended June 30, 2006. The grant was to assist with the purchase of the Type II Wildland Fire Engine, which was purchased in September 2005. Under the grant agreement, the Federal Government has a vested interest in the fire engine until such time as the fair market value is less than \$5,000. The VFA percentage used to purchase the equipment will be applied to the sale price and recovered for the Federal Government during the sale. The Federal Government may not have to be reimbursed if the disposal sale amounts to a fair market value of less than \$5,000.

**13) LOSS CONTINGENCY**

On January 1, 2010, Section 2 of Section 116875 of the Health and Safety Code of California became operative. The section modified the allowed content of lead in pipes and plumbing supplies in order to be considered "lead free." Management is in the process of evaluating the effects that this modified law will have on the District. The District has identified and removed obsolete inventory and there is the potential for additional inventory to be scrapped as obsolete. As of June 30, 2021, and June 30, 2020, the amount of the loss on the additional inventory cannot be reasonably estimated.

**14) COMMITMENTS**

At June 30, 2021, in the opinion of the District's management, there are no other outstanding matters which could have a significant effect on the financial position of the funds of the District.

**15) RESTATEMENT OF FIDUCIARY NET POSITION**

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result, a restatement to reflect net position was made in the Custodial Funds of \$262,796 and \$269,533 for fiscal years ended June 30, 2021 and June 30, 2020, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Running Springs Water District  
Required Supplementary Information  
June 30, 2021 and 2020**

**Schedule of the District's Proportionate Share of the Net Pension Liability  
Last 10 Years\***

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2020	0.07920%	\$ 8,616,883	\$ 2,602,202	331.14%	71.61%
2019	0.08043%	8,241,313	2,660,579	309.76%	71.10%
2018	0.08058%	7,764,971	2,560,653	303.24%	71.50%
2017	0.07981%	7,915,389	2,662,089	297.34%	69.43%
2016	0.08117%	7,024,013	2,439,595	287.92%	69.63%
2015	0.08544%	5,864,364	2,299,525	255.03%	73.14%
2014	0.08361%	5,073,557	2,047,220	247.83%	69.63%

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

**Benefit Changes:** None

**Changes in Assumptions:** In 2017, the accounting discount rate changed from 7.65% to 7.15%.

\*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

**Running Springs Water District**  
**Required Supplementary Information**  
June 30, 2021 and 2020

**Schedule of Plan Contributions**  
**Last 10 Years\***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 1,062,496	\$ (1,262,496)	\$ (200,000)	\$ 2,494,245	50.62%
2020	1,148,384	(1,148,384)	-	2,602,202	44.13%
2019	874,745	(874,745)	-	2,660,579	32.88%
2018	833,990	(833,990)	-	2,560,653	32.57%
2017	785,370	(785,370)	-	2,662,089	29.50%
2016	709,356	(709,356)	-	2,439,565	29.08%
2015	666,615	(666,615)	-	2,299,525	28.99%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/13, 6/30/14, 6/30/15, 6/30/16, 6/30/17, 6/30/18, 6/30/19

\*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

**Running Springs Water District**  
**Required Supplementary Information**  
June 30, 2021 and 2020

**Schedule of Changes in the District's**  
**Net OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years\***

	Measurement Period	
	2020	2019
<b>Total OPEB Liability</b>		
Service cost	\$ 32,908	\$ 31,950
Interest on total OPEB liability	21,491	19,893
Changes in assumptions	86,831	-
Difference between actual and expected experience	-	-
Changes in benefits	-	-
Benefit payments, including implicit subsidy	(1,214)	(2,220)
Net change in total OPEB liability	140,016	49,623
Total OPEB liability - beginning	654,316	604,693
Total OPEB liability - ending	<u>\$ 794,332</u>	<u>\$ 654,316</u>
Covered-employee payroll	\$ 2,602,202	\$ 2,660,579
Total OPEB liability as a percentage of covered-employee payroll	327.60%	406.62%

**Notes to the Schedule of Changes in the District's Total OPEB Liability**

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

**Benefit Changes:** None

**Changes in Assumptions:** None

\*Fiscal year 2020 was the first year of implementation, therefore, 10 years of information is not yet available.

**Running Springs Water District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Governmental Fund - Fire Protection**  
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,754,047	\$ 1,754,047	\$ 1,916,714	\$ 162,667
Assessments - Fire Availability Charges	205,000	205,000	203,548	(1,452)
Hazard Abatement Program Revenue	17,000	17,000	21,462	4,462
Other Revenue	245,000	245,000	487,438	242,438
Investment Earnings	28,560	28,560	4,310	(24,250)
Intergovernmental Revenue	-	-	24,853	24,853
	<u>2,249,607</u>	<u>2,249,607</u>	<u>2,658,325</u>	<u>408,718</u>
Total Revenues				
<b>EXPENDITURES</b>				
Salaries and Benefits:				
Salaries and Wages	1,047,033	1,047,033	1,275,125	(228,092)
Payroll Taxes	12,489	12,489	21,824	(9,335)
Workers Comp Insurance	67,679	67,679	62,774	4,905
Group Insurance	97,358	97,358	104,844	(7,486)
CalPERS Retirement	619,158	619,158	677,738	(58,580)
Uniform Allowance	6,210	6,210	4,630	1,580
Services and Supplies:				
Education, Training & Seminars	13,905	13,905	13,557	348
Fuel & Oil	14,193	14,193	10,174	4,019
Hazard Abatement	10,300	10,300	19,780	(9,480)
Property/Liability Insurance	16,265	16,265	27,794	(11,529)
Memberships & Subscriptions	6,000	6,000	5,351	649
Fees & Permits	4,635	4,635	6,125	(1,490)
Dispatching Services	58,710	58,710	63,843	(5,133)
General Station Maintenance	18,025	18,025	14,514	3,511
Safety clothing, supplies & equipment	31,106	31,106	32,040	(934)
Utilities - Electric, gas, phone, trash	23,349	23,349	25,032	(1,683)
Vehicle & equipment repair & maintenance	38,110	38,110	35,221	2,889
Administrative Expense	198,197	198,197	163,668	34,529
Capital Outlay	-	-	44,803	(44,803)
	<u>2,282,722</u>	<u>2,282,722</u>	<u>2,608,837</u>	<u>(326,115)</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>(33,115)</u>	<u>(33,115)</u>	<u>49,488</u>	<u>82,603</u>
Net Change in Fund Balances	(33,115)	(33,115)	49,488	<u>\$ 82,603</u>
Fund Balance, Beginning of Year	<u>1,369,567</u>	<u>1,369,567</u>	<u>1,369,567</u>	
Fund Balance, End of Year	<u>\$ 1,336,452</u>	<u>\$ 1,336,452</u>	<u>\$ 1,419,055</u>	

**Running Springs Water District**  
**Notes to Required Supplementary Information**  
June 30, 2021 and 2020

**BUDGETARY DATA**

Annual budgets adopted by the Board of Directors provide for operations, debt service and capital expenditures of the District. Between the months of December and February each year, department supervisors, the General Manager, and the Board of Directors hold a budget workshop at the District office and discuss plans, rates, etc. for the upcoming fiscal year. Each department supervisor prepares a budget after the workshop and submits it to the General Manager for review. The budget is then forwarded to the Finance Committee for their review and approval. Upon the Finance Committee's approval, the budget is presented to the Board of Directors. The Board conducts public meetings on the proposed budget only if there are rate increases and then, on or before June 30, the budget is adopted by the Board. The appropriated budget is prepared by departments. Budgetary controls are set by the Board.

Total expenditures in the Governmental Fund – Fire Protection exceeded appropriations by \$326,115.



# **RUNNING SPRINGS WATER DISTRICT**

## **Financial Statement Presentation**

**For the years ended June 30, 2021 and 2020**

**Presented by:**

**Rogers, Anderson, Malody & Scott, LLP**

**November 17, 2021**

# Financial Highlights

- The District's total net position increased by \$1,073,628 from the prior year. The increase is the combination of decrease in net position for the Governmental activities of \$31,098 and an increase in net position for the Business-type activities of \$1,104,726.
- Total revenue increased \$1,202,072 (16%) and total expenses increased \$147,754 (2%).
- Cash and temporary investments increased by \$1,086,652 because of the increase in net position.
- The construction in progress increased by \$475,186 due to starting several capital projects: SCADA System Improvements, WWTP Upper Access Road, MBR Upgrade 2 and CCTV Van.

# Government-Wide Summary

(overall – Governmental and Business-type)

	2021	2020	% Change	\$ Change
<b>ASSETS</b>				
Cash	\$ 607,974	\$ 443,024	37%	\$ 164,950
Temporary investments	5,638,244	4,716,542	20%	921,702
Accounts receivable:				
Customers - Net of Allowance	1,047,255	864,935	21%	182,320
Other	240,150	101,731	136%	138,419
Taxes	47,416	46,508	2%	908
Interest	4,844	18,392	-74%	(13,548)
Materials and supplies inventory	77,518	82,376	-6%	(4,858)
Restricted Assets:				
Cash	543,988	579,606	-6%	(35,618)
Capital Assets Not Being Depreciated				
Land	1,429,332	1,429,332	0%	-
Construction in progress	585,881	110,695	429%	475,186
Capital Assets Net of Accumulated Depreciation	18,668,828	19,159,791	-3%	(490,963)
<b>TOTAL ASSETS</b>	<b>28,891,430</b>	<b>27,552,932</b>	<b>5%</b>	<b>1,338,498</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	2,171,595	2,175,460	0%	(3,865)
Deferred OPEB Related Items	77,393	-	100%	77,393
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>2,248,988</b>	<b>2,175,460</b>	<b>3%</b>	<b>73,528</b>



# Government-Wide Summary

(continued)(overall – Governmental and Business-type)

	2021	2020	% Change	\$ Change
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	365,841	272,133	34%	93,708
Interest Payable	35,493	37,744	-6%	(2,251)
Other Payables	250,611	41,650	502%	208,961
Unearned Availability Charges	51,322	52,238	-2%	(916)
Long-term Liabilities Due Within One Year	281,297	287,286	-2%	(5,989)
Noncurrent Liabilities:				
Long-term Liabilities	<u>12,483,019</u>	<u>12,211,639</u>	<u>2%</u>	<u>271,380</u>
<b>TOTAL LIABILITIES</b>	<u>13,467,583</u>	<u>12,902,690</u>	<u>4%</u>	<u>564,893</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>188,509</u>	<u>415,006</u>	<u>-55%</u>	<u>(226,497)</u>
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	17,727,839	17,546,282	1%	181,557
Restricted for:				
Debt Service	260,871	260,871	0%	-
Expansion	268,516	304,134	-12%	(35,618)
Unrestricted (deficit)	<u>(772,900)</u>	<u>(1,700,591)</u>	<u>-55%</u>	<u>927,691</u>
<b>TOTAL NET POSITION</b>	<u>\$ 17,484,326</u>	<u>\$ 16,410,696</u>	<u>7%</u>	<u>\$ 1,073,630</u>

# Balance Sheet - Fire

## Governmental Fund

	<u>2021</u>	<u>2020</u>	<u>% Change</u>	<u>\$ Change</u>
<b>ASSETS</b>				
Cash	\$ 606,974	\$ 442,024	37%	\$ 164,950
Temporary investments	799,765	913,588	-12%	(113,823)
Restricted Cash	7,934	7,934	0%	-
Accounts Receivable:				
Fire availability charges & other	11,495	13,036	-12%	(1,541)
Taxes receivable	41,438	41,883	-1%	(445)
Interest receivable	1,107	4,818	-77%	(3,711)
	<u>\$ 1,468,713</u>	<u>\$ 1,423,283</u>	<u>3%</u>	<u>\$ 45,430</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 49,658	\$ 53,716	-8%	(4,058)
	<u>49,658</u>	<u>53,716</u>	<u>-8%</u>	<u>(4,058)</u>
<b>FUND BALANCES:</b>				
Assigned:				
Workers' compensation fund	6,551	6,551	0%	-
Unassigned	1,412,504	1,363,016	4%	49,488
	<u>1,419,055</u>	<u>1,369,567</u>	<u>4%</u>	<u>49,488</u>
Total Fund Balances	<u>1,419,055</u>	<u>1,369,567</u>	<u>4%</u>	<u>49,488</u>
Total Liabilities and Fund Balances	<u>\$ 1,468,713</u>	<u>\$ 1,423,283</u>	<u>3%</u>	<u>\$ 45,430</u>

# Statement of Revs, Exps and Fund Bal -Fire

	2021	2020	% Change	\$ Change
<b>REVENUES:</b>				
Property taxes	\$ 1,916,714	\$ 1,798,692	7%	\$ 118,022
Assessments - fire availability charges	203,548	200,623	1%	2,925
Hazard abatement program revenue	21,462	26,570	-19%	(5,108)
Other revenue	487,438	81,961	495%	405,477
Investment earnings	4,310	20,390	-79%	(16,080)
Intergovernmental revenue	24,853	27,567	-10%	(2,714)
<b>Total Revenues</b>	<u>2,658,325</u>	<u>2,155,803</u>	<u>23%</u>	<u>502,522</u>
<b>EXPENDITURES:</b>				
Salaries and wages	2,146,935	1,956,272	10%	190,663
Services and supplies	253,431	245,457	3%	7,974
Administrative expense	163,668	183,393	-11%	(19,725)
Capital outlay	44,803	84,493	-47%	(39,690)
<b>Total Expenditures</b>	<u>2,608,837</u>	<u>2,469,615</u>	<u>6%</u>	<u>139,222</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>49,488</u>	<u>(313,812)</u>	<u>-116%</u>	<u>363,300</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from insurance claim	-	7,860	-100%	(7,860)
<b>Total Other Financing Sources</b>	<u>-</u>	<u>7,860</u>	<u>-100%</u>	<u>(7,860)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 49,488</u>	<u>\$ (305,952)</u>	<u>-116%</u>	<u>\$ 355,440</u>



# Business-Type Activities

(Water, Wastewater Collection, Wastewater Treatment and Ambulance)

	2021	2020	% Change	\$ Change
<b>ASSETS</b>				
Cash	\$ 1,000	\$ 1,000	0%	\$ -
Temporary investments	4,838,479	3,802,954	27%	1,035,525
Accounts receivable:				
Customers - Net of Allowance	1,047,255	864,935	21%	182,320
Other	228,655	88,695	158%	139,960
Taxes	5,978	4,625	29%	1,353
Interest	3,737	13,574	-72%	(9,837)
Materials and supplies inventory	77,518	82,375	-6%	(4,857)
Restricted Assets:				
Cash	536,054	571,672	-6%	(35,618)
Capital Assets Not Being Depreciated				
Land	1,014,656	1,014,656	0%	-
Construction in progress	585,881	110,696	429%	475,185
Capital Assets Net of Accumulated Depreciation	18,115,951	18,562,536	-2%	(446,585)
<b>TOTAL ASSETS</b>	<b>26,455,164</b>	<b>25,117,718</b>	<b>5%</b>	<b>1,337,446</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	1,124,961	1,186,973	-5%	(62,012)
Deferred OPEB Related Items	55,723	-	100%	55,723
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>1,180,684</b>	<b>1,186,973</b>	<b>95%</b>	<b>(6,289)</b>

# Business-Type Activities (continued)

(Water, Wastewater Collection, Wastewater Treatment and Ambulance)

	2021	2020	% Change	\$ Change
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	316,183	218,417	45%	97,766
Interest Payable	35,493	37,744	-6%	(2,251)
Other Payables	250,611	41,650	502%	208,961
Unearned Availability Charges	51,322	52,238	-2%	(916)
Long-term Liabilities Due Within One Year	244,078	253,443	-4%	(9,365)
<b>Total Current Liabilities</b>	<b>897,687</b>	<b>603,492</b>	<b>49%</b>	<b>294,195</b>
Noncurrent Liabilities:				
Long-term Liabilities	8,497,277	8,355,770	2%	141,507
<b>TOTAL LIABILITIES</b>	<b>10,292,651</b>	<b>9,562,754</b>	<b>8%</b>	<b>729,897</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	125,845	335,116	-62%	(209,271)
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	16,760,286	16,534,350	1%	225,936
Restricted for:				
Debt Service	260,871	260,871	0%	-
Water and Wastewater Expansion	268,516	304,134	-12%	(35,618)
Unrestricted (deficit)	825,366	(89,042)	-1027%	914,408
<b>TOTAL NET POSITION</b>	<b>\$ 18,115,039</b>	<b>\$ 17,010,313</b>	<b>6%</b>	<b>\$1,104,726</b>



# Current Ratio

(Business-type activities)

- Liquidity is the ability to cover short-term obligations.
- Current Ratio indicates the extent to which current liabilities are covered by assets expected to be converted into cash in the near future.

	2021	2020
Current Ratio		
Current Assets	\$ 6,738,676	\$ 5,429,830
Current Liabilities	897,687	603,492
Current Ratio	7.51	9.00

# Quick Ratio

- Quick Ratio is more rigorous form of the ratio that includes only cash, temporary investments and receivables.

Quick Ratio (more rigorous)	2021	2020
Cash	\$ 1,000	\$ 1,000
Temporary Investments	4,838,479	3,802,954
Receivables	1,285,625	971,829
Cash, Temporary Investments and Receivables	<u>\$ 6,125,104</u>	<u>\$ 4,775,783</u>
Cash, Temporary Investments and Receivables	\$ 6,125,104	\$ 4,775,783
Current Liabilities	897,687	603,492
	<b>6.82</b>	<b>7.91</b>

# Debt Ratio

(Business-type activities)

- Debt Ratio indicates the District's long-term debt paying ability.

Debt Ratio	2021	2020
Total Liabilities	\$ 9,394,964	\$ 8,959,262
Total Assets	26,455,164	25,117,718
Debt Ratio	0.36	0.36



# Water Dept

	2021	2020	% Change	\$ Change
<b>OPERATING REVENUES:</b>				
Monthly service charges	\$ 1,307,263	\$ 1,267,594	3%	\$ 39,669
Usage charges	917,649	816,133	12%	101,516
Delinquent charges	29,716	31,907	-7%	(2,191)
Other revenue	2,370	6,502	-64%	(4,132)
Turn-on and shut-off charges	8,238	27,052	-70%	(18,814)
<b>Total Operating Revenues</b>	<b>2,265,236</b>	<b>2,149,188</b>	<b>5%</b>	<b>116,048</b>
<b>OPERATING EXPENSES:</b>				
Water Operation:				
Source of supply	353,511	101,190	249%	252,321
Pumping	80,059	76,657	4%	3,402
Water treatment	22,247	19,502	14%	2,745
Administrative and general:				
Salaries and benefits	703,642	878,225	-20%	(174,583)
Administrative expense	457,846	477,820	-4%	(19,974)
Others	82,833	76,409	8%	6,424
Depreciation	290,720	286,137	2%	4,583
<b>Total Operating Expenses</b>	<b>1,990,858</b>	<b>1,915,940</b>	<b>4%</b>	<b>74,918</b>
<b>OPERATING REVENUE (LOSS)</b>	<b>274,378</b>	<b>233,248</b>	<b>18%</b>	<b>41,130</b>
<b>NON-OPERATING REVENUES AND EXPENSES:</b>				
Non-operating revenues	80,483	89,443	-10%	(8,960)
Non-operating expenses	(15,945)	(19,785)	-19%	3,840
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>338,916</b>	<b>302,906</b>	<b>12%</b>	<b>36,010</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>110,694</b>	<b>41,155</b>	<b>169%</b>	<b>69,539</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 449,610</b>	<b>\$ 344,061</b>	<b>31%</b>	<b>\$ 105,549</b>

# Wastewater Collection Dept

	2021	2020	% Change	\$ Change
<b>OPERATING REVENUES:</b>				
Monthly service charges	\$ 1,100,051	\$ 1,045,050	5%	\$ 55,001
Delinquent charges	24,520	22,331	10%	2,189
Other revenue	1,708	3,472	-51%	(1,764)
<b>Total Operating Revenues</b>	<u>1,126,279</u>	<u>1,070,853</u>	<u>5%</u>	<u>55,426</u>
<b>OPERATING EXPENSES:</b>				
Wastewater Operation:				
Sewage collections	66,532	121,609	-45%	(55,077)
Administrative and general:				
Salaries and benefits	407,351	446,002	-9%	(38,651)
Administrative expense	127,731	132,451	-4%	(4,720)
Others	52,161	44,831	16%	7,330
Depreciation	<u>198,388</u>	<u>199,261</u>	<u>0%</u>	<u>(873)</u>
<b>Total Operating Expenses</b>	<u>852,163</u>	<u>944,154</u>	<u>-10%</u>	<u>(91,991)</u>
<b>OPERATING REVENUE (LOSS)</b>	<u>274,116</u>	<u>126,699</u>	<u>116%</u>	<u>147,417</u>
<b>NON-OPERATING REVENUES AND EXPENSES:</b>				
Non-operating revenues	11,467	27,046	-58%	(15,579)
Non-operating expenses	(45,341)	(47,778)	-5%	2,437
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	240,242	105,967	127%	134,275
<b>CAPITAL CONTRIBUTIONS</b>	69,780	62,782	11%	6,998
<b>TRANSFER IN</b>	<u>(212,109)</u>	<u>-</u>	<u>100%</u>	<u>(212,109)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 97,913</u>	<u>\$ 168,749</u>	<u>-42%</u>	<u>\$ (70,836)</u>

# Wastewater Treatment Dept

	2021	2020	% Change	\$ Change
<b>OPERATING REVENUES:</b>				
Monthly service charges	\$ 793,739	\$ 793,739	0%	\$ -
Usage charges	151,745	137,796	10%	13,949
Delinquent charges	5,383	5,383	0%	-
Expense reimbursement from Upstream Users	602,616	447,734	35%	154,882
<b>Total Operating Revenues</b>	<b>1,553,483</b>	<b>1,384,652</b>	<b>12%</b>	<b>168,831</b>
<b>OPERATING EXPENSES:</b>				
Wastewater Operation:				
Sewage treatment	323,702	266,978	21%	56,724
Administrative and general:				
Salaries and benefits	553,831	489,943	13%	63,888
Administrative expense	137,556	142,639	-4%	(5,083)
Others	78,943	70,666	12%	8,277
Depreciation	285,609	294,219	-3%	(8,610)
<b>Total Operating Expenses</b>	<b>1,379,641</b>	<b>1,264,445</b>	<b>9%</b>	<b>115,196</b>
<b>OPERATING REVENUE (LOSS)</b>	<b>173,842</b>	<b>120,207</b>	<b>45%</b>	<b>53,635</b>
<b>NON-OPERATING REVENUES AND EXPENSES:</b>				
Non-operating revenues	5,146	21,412	-76%	(16,266)
Non-operating expenses	(53,537)	-	100%	(53,537)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>125,451</b>	<b>141,619</b>	<b>-11%</b>	<b>(16,168)</b>
<b>TRANSFER OUT</b>	<b>212,109</b>	<b>-</b>	<b>100%</b>	<b>212,109</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 337,560</b>	<b>\$ 141,619</b>	<b>138%</b>	<b>\$ 195,941</b>



# Ambulance Dept

	2021	2020	% Change	\$ Change
<b>OPERATING REVENUES:</b>				
Monthly service charges	\$ 572,709	\$ 436,964	31%	\$ 135,745
Other revenue	156,299	-	100%	156,299
Operating grants and contribution	194,653	178,357	9%	16,296
Total Operating Revenues	<u>923,661</u>	<u>615,321</u>	<u>50%</u>	<u>308,340</u>
<b>OPERATING EXPENSES:</b>				
Administrative and general:				
Salaries and benefits	447,111	391,194	14%	55,917
Administrative expense	89,170	101,885	-12%	(12,715)
Others	153,969	224,281	-31%	(70,312)
Depreciation	48,596	31,916	52%	16,680
Total Operating Expenses	<u>738,846</u>	<u>749,276</u>	<u>-1%</u>	<u>(10,430)</u>
<b>OPERATING REVENUE (LOSS)</b>	<u>184,815</u>	<u>(133,955)</u>	<u>-238%</u>	<u>318,770</u>
<b>NON-OPERATING REVENUES AND EXPENSES:</b>				
Non-operating revenues	<u>34,828</u>	<u>11,795</u>	<u>195%</u>	<u>23,033</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 219,643</u>	<u>\$ (122,160)</u>	<u>-280%</u>	<u>\$ 341,803</u>

# Cashflow

(Water, Wastewater Collection, Wastewater Treatment and Ambulance)

	2021	2020	% Change	\$ Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 5,549,992	\$ 5,240,296	6%	\$ 309,696
Cash paid for employee services	(2,692,971)	(2,564,282)	5%	(128,689)
Cash paid to suppliers	(1,071,029)	(1,198,860)	-11%	127,831
Other operating cash receipts	58,437	29,792	96%	28,645
Net Cash Provided (Used) By Operating Activities	<u>1,844,429</u>	<u>1,506,946</u>	<u>22%</u>	<u>337,483</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Availability charges	<u>49,717</u>	<u>35,954</u>	<u>38%</u>	<u>13,763</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>49,717</u>	<u>35,954</u>	<u>38%</u>	<u>13,763</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(872,841)	(498,300)	75%	(374,541)
Proceeds from sale of capital assets	27,089	-	100%	27,089
Proceeds from installments payable	-	647	-100%	(647)
Capital contributions	180,474	103,937	74%	76,537
Principal payments on debt	(197,335)	(193,505)	2%	(3,830)
Interest paid	(63,537)	(68,014)	-7%	4,477
Net Cash (Used For) Capital and Related Financing Activities	<u>(926,150)</u>	<u>(655,235)</u>	<u>41%</u>	<u>(270,915)</u>

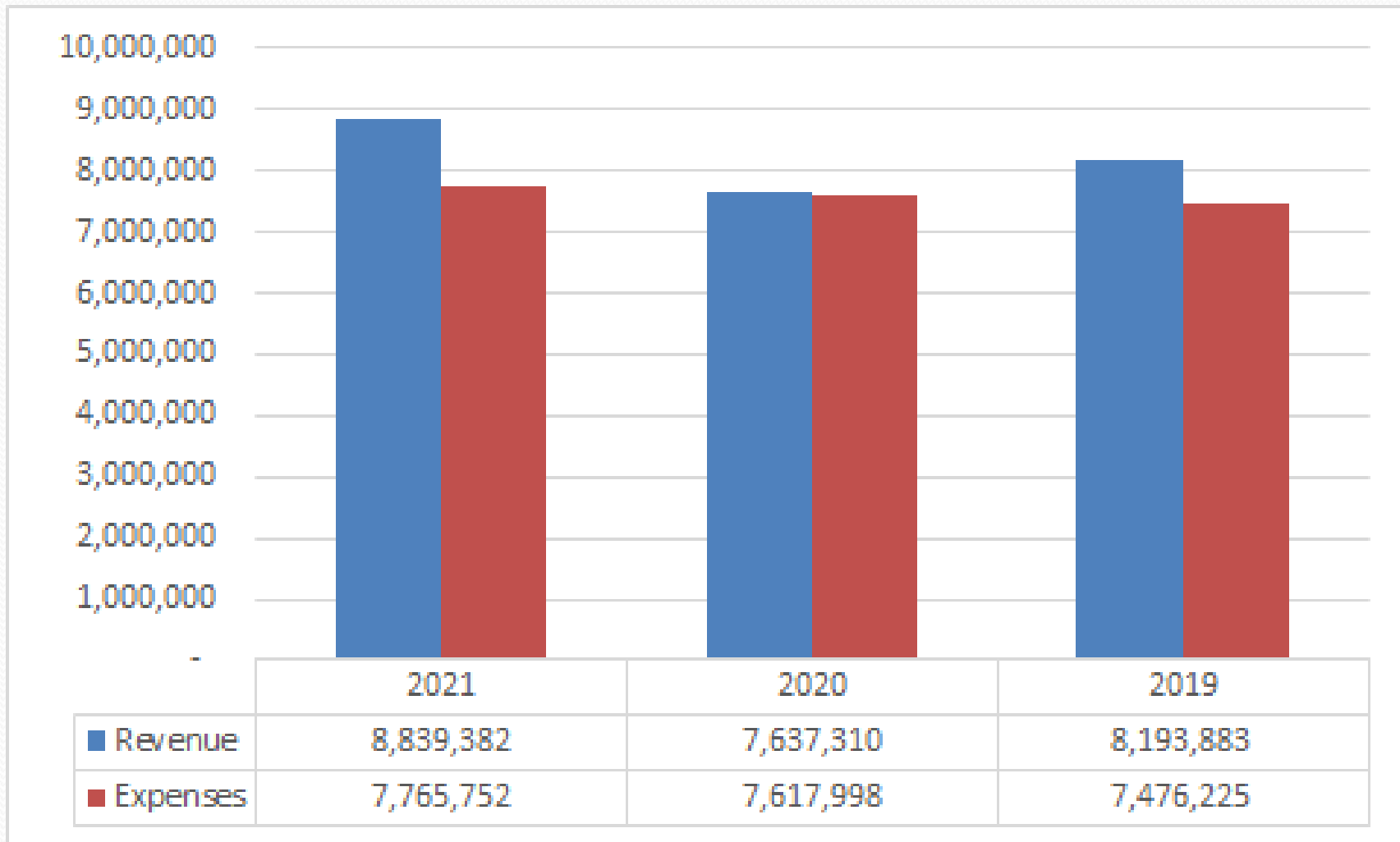


# Cashflow – continued

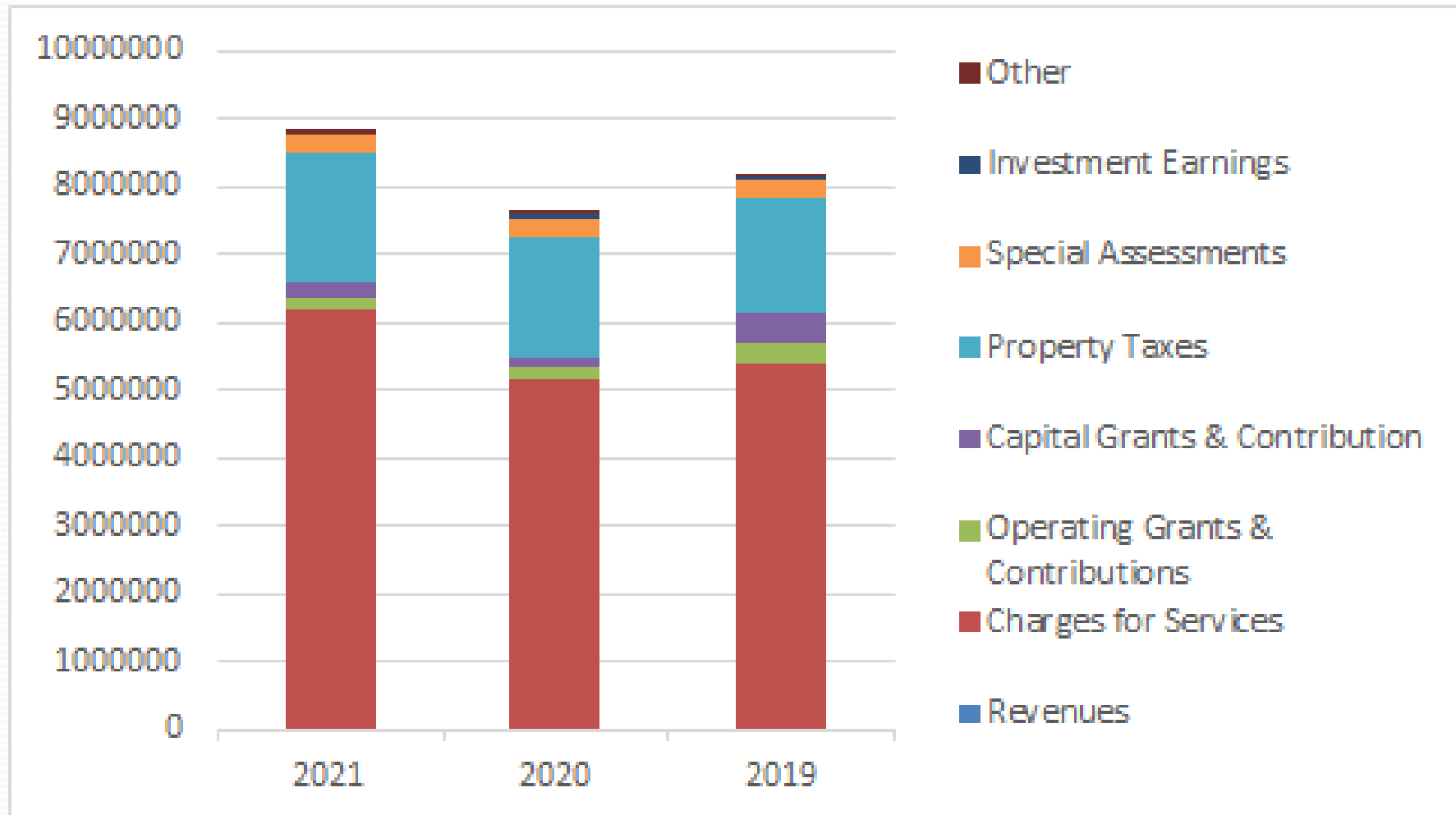
(Water, Wastewater Collection, Wastewater Treatment and Ambulance)

	2021	2020	% Change	\$ Change
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	31,911	72,477	-56%	(40,566)
Net Cash Provided By Investing Activities	<u>31,911</u>	<u>72,477</u>	-56%	<u>(40,566)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	999,907	960,142	4%	39,765
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,375,626</u>	<u>3,415,484</u>	28%	960,142
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 5,375,533</u>	<u>\$ 4,375,626</u>	23%	<u>\$ 999,907</u>
<b>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENTS OF NET POSITION:</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 1,000	\$ 1,000	0%	-
Temporary investments	4,838,479	3,802,954	27%	1,035,525
Restricted cash	<u>536,054</u>	<u>571,672</u>	-6%	<u>(35,618)</u>
	<u>\$ 5,375,533</u>	<u>\$ 4,375,626</u>	23%	<u>\$ 999,907</u>

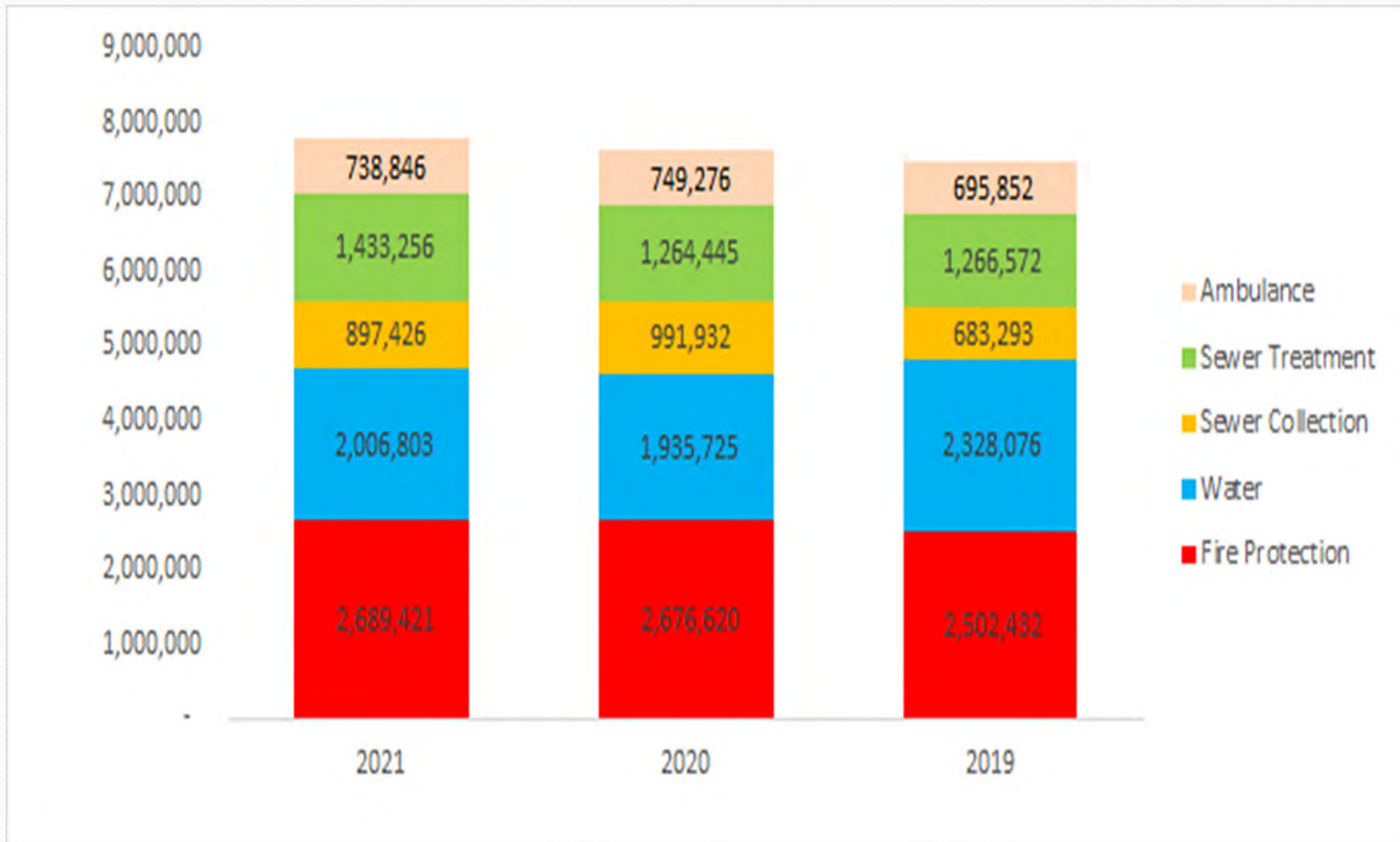
# Revenues and Expenses



# Revenues – source



# Expenses - function





**Ryan Gross**

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**From:**  
**Sent:** Thursday, October 21, 2021 5:50 PM  
**To:** Ryan Gross  
**Subject:** FW: Santa Ana River Watershed Weather Modification Pilot Program - SAWPA

Ryan,

Hope all is well for you. In 2020, the Santa Ana Watershed Project Authority (SAWPA) conducted a feasibility study to explore weather modification (cloud seeding) for the Santa Ana River Watershed. This process has been employed successfully in many other watersheds through California and the Western U.S. It is also a technology that has been recognized as a legitimate water resource strategy in the CA DWR Water Plan and described as precipitation enhancement. The SAWPA feasibility study projected a water supply increase to the watershed of 8-11% at a cost less than a tenth of the cost of untreated imported water. A four year pilot program with a validation phase was proposed to further evaluate the program and is being considered for the winter of FY 2022-23. A recent informational webinar about the Santa Ana River Watershed Weather Modification (Cloud Seeding) Pilot Program was held on Oct. 14<sup>th</sup>. The PowerPoint presentation and other outreach material from the webinar are now posted on our website at the link below:

<https://sawpa.org/latest-info/watershed-cloud-seeding-feasibility-study/>

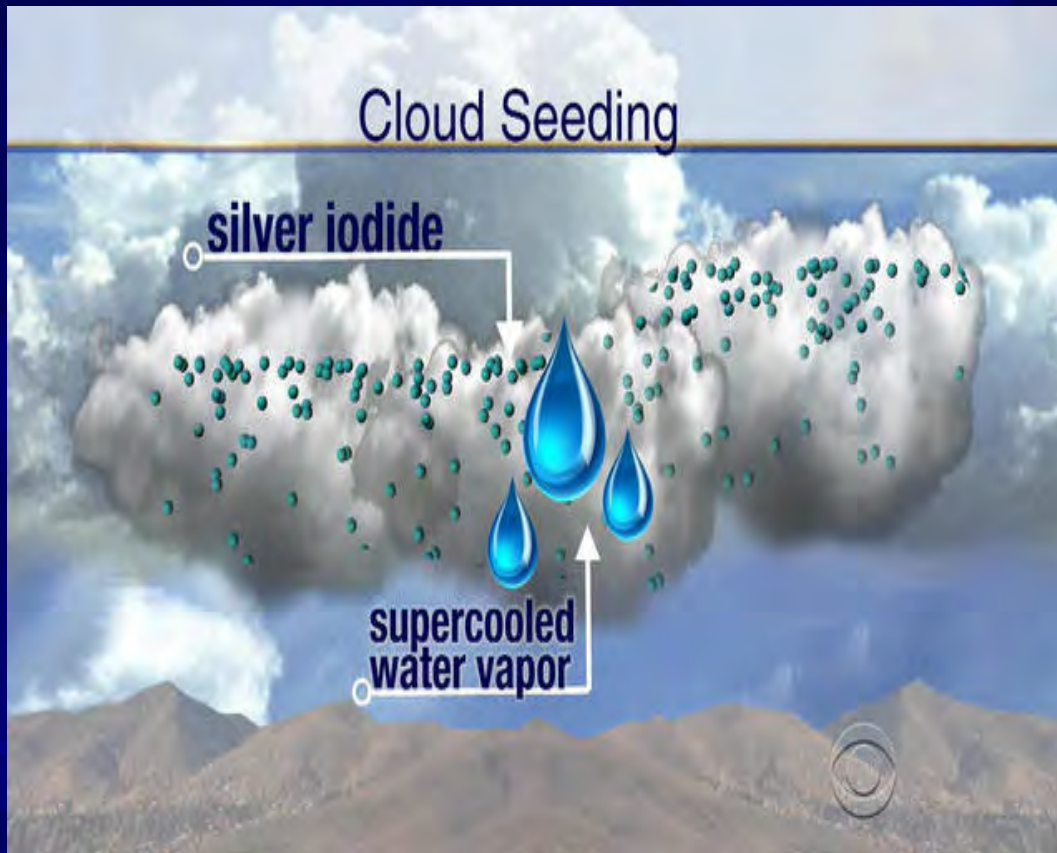
Further, news about the pilot program has spread and a front page news article about the program was noted in the Oct. 11, 2021 Press Enterprise newspaper. See link below:

[How to Beat the Drought? Inland Empire Agency Wants to Make It Rain](#)

We are now at a stage where we are reaching out to water agencies across the watershed to request their support and a funding commitment to the program. Funding would not be needed until FY 22-23 and this local share of funding would be used to provide match to a grant fund that SAWPA is seeking from the State. For the local share, we would like to request a commitment for \$20,000 from your agency or (\$5K per year for each of four years of the pilot program). With Running Springs Water District's efforts to address increasing water demands particularly drought periods, the benefit to the Running Springs Water District and the mountain communities from increased snowpack and recharge to groundwater basins is readily apparent and worth investigating through a pilot investigation.

Is there a date and time in the next month or two where I could address your governing board to provide an informational presentation and make a request? I look forward to hearing from you.

*Mark R. Norton PE, LEED AP, ENV SP  
Water Resources & Planning Mgr.  
Santa Ana Watershed Project Authority  
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1-951-354-4221*



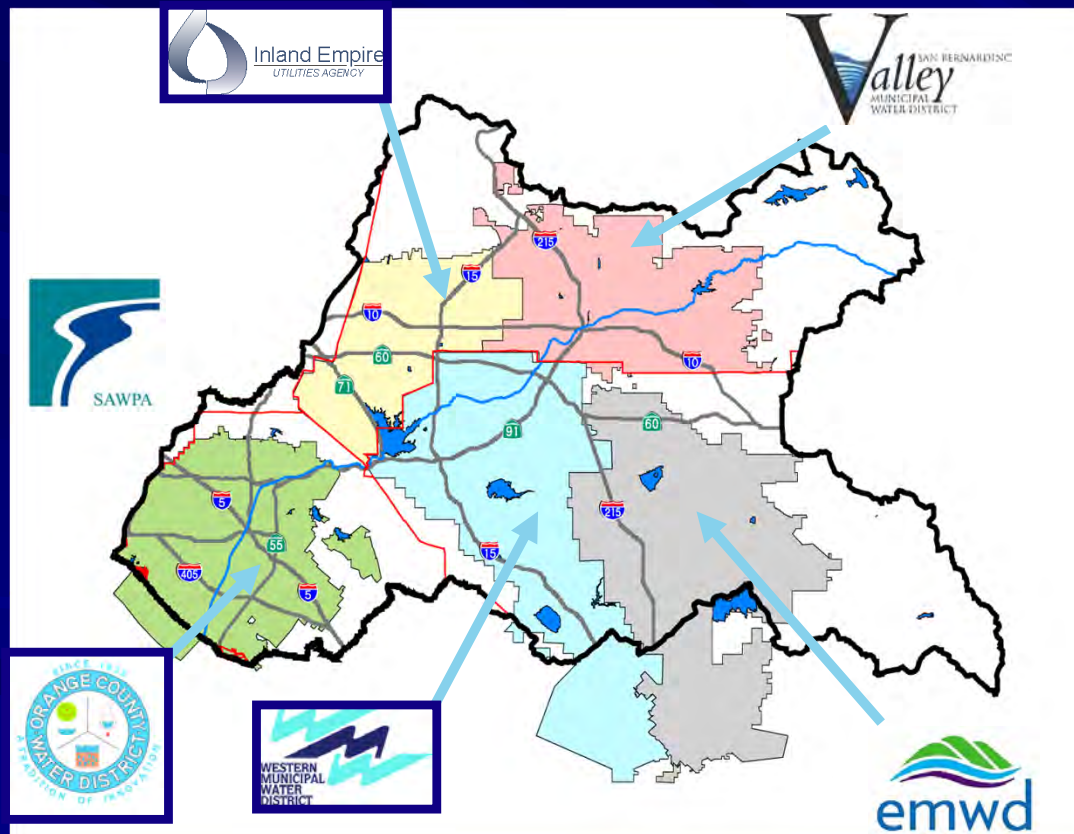
# SANTA ANA RIVER WATERSHED WEATHER MODIFICATION PILOT PROGRAM

MARK NORTON, PE, WATER  
RESOURCES & PLANNING MANAGER  
SANTA ANA WATERSHED PROJECT  
AUTHORITY



## Who is SAWPA?

Santa Ana Watershed Project Authority is a joint powers authority with five Member Agencies



## Other Stakeholders

97 Water-related Agencies

4 Counties

63 Cities

State water, environmental, and regulatory agencies

Federal Agencies

Other Special Districts

Special Interest Groups



# How cloud seeding works

**1**

Silver iodide mixed with acetone is vaporized, releasing particles into the atmosphere.



Seeding generator

**2**

Iodide particles rise into cold, high-altitude air, moisture in the air condenses to form ice crystals on particles.

Wind direction

**3**

As ice crystals grow they become heavy and fall back to Earth in the form of snow or, at warm temperatures, melt into rain.



# Weather Modification (Cloud Seeding) History

## Background

- Started in the U.S. in the 1940s
- Overselling, minimal science
- Misconceptions remain

## Advances since the 1940s

- Forecasting
- Measurement
- Computing
- Seeding methods
- Scientific long term validation studies



# Weather Modification Users and Costs

150 programs in 40 countries and 11 states

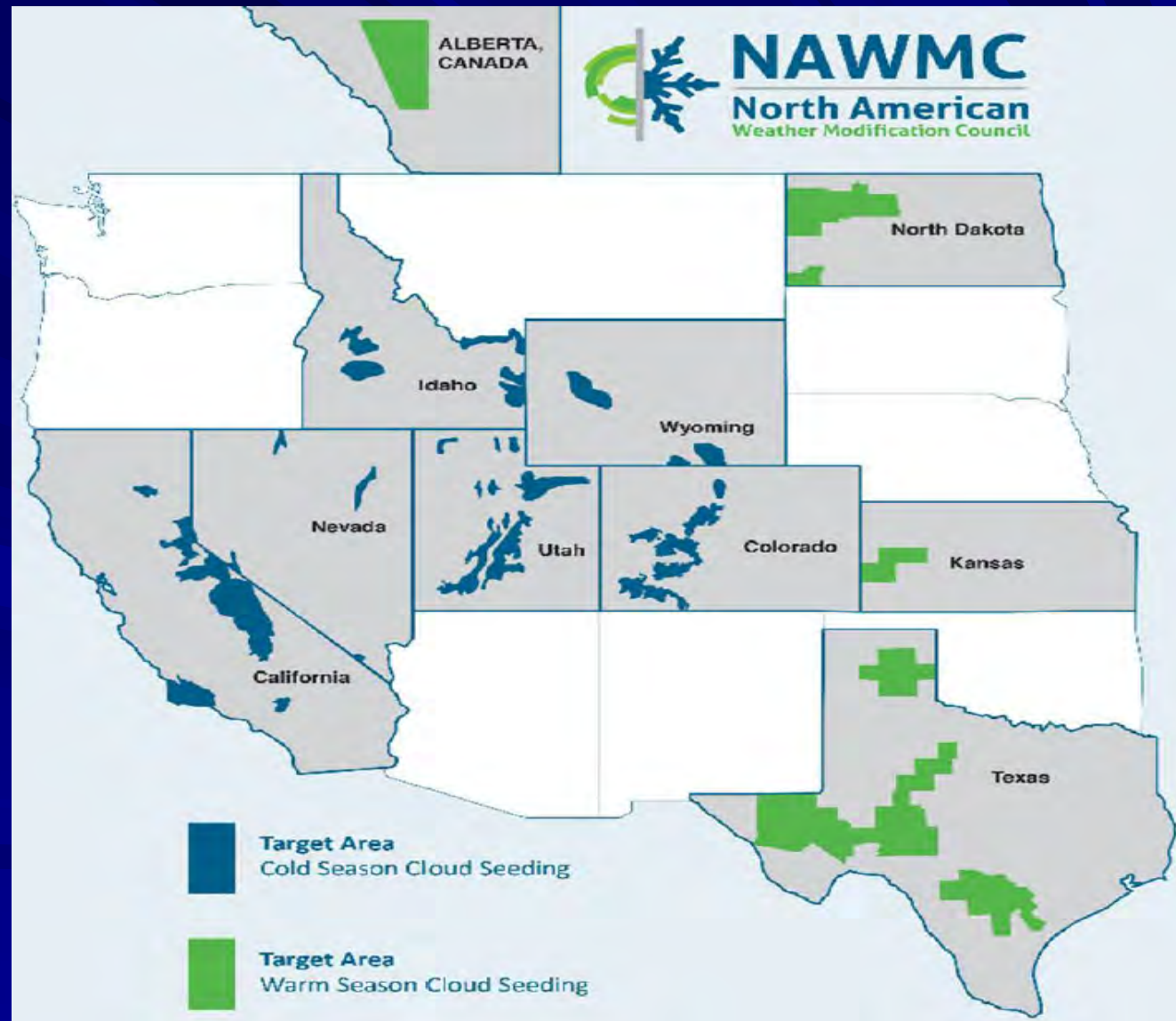
- Ski areas, Power Utilities
- Water Resource Agencies
- Conservation and irrigation districts
- Research institutes

Average Costs

- \$4-\$40/AF, including planning



# North American Projects



# Licensing and Permitting

- Operators are licensed and carry liability insurance
- Suspension criteria turns off program during high precip/flood conditions
- Though no CA state permit required, CEQA mitigated negative declaration will be conducted
- There have been no successful legal challenges to any operation in US for over 50 years



# Potential Environmental Effects

- Silver iodide is not soluble or biologically available
- 50 years of physical, biological, aquatic, soils and vegetation studies found:
  - Subtle or indiscernible effects
  - Potentially beneficial (more runoff)
- Strong studies with credible results and regulations reflect recent research





# Potential Health Effects

- Silver Iodide (AgI)
  - Not been measured above background
- Human effects
  - No effects found in 50 years
  - More silver exposure in tooth fillings
  - More iodine in table salt on food
- Concentrations
  - EPA drinking water quality 0.1 mg/L
  - U.S. Public Health Service level 0.05 mg/L
  - Seeded rainfall is 0.1 mcg/L or 1000 times less than EPA standard



# Ground Based Seeding Methods

## CNG's (Cloud Nuclei Generators)



- Ideal for orographic lift (winds caused by land barriers)
- Create a continuous plume
- Inexpensive to install and operate

## AHOGS (Automated High Output Ground Seeding) Systems



- Ideal for strong convective storm attributes (turbulence)
- Delivers higher concentration of AgL
- Operated remotely – rapid release

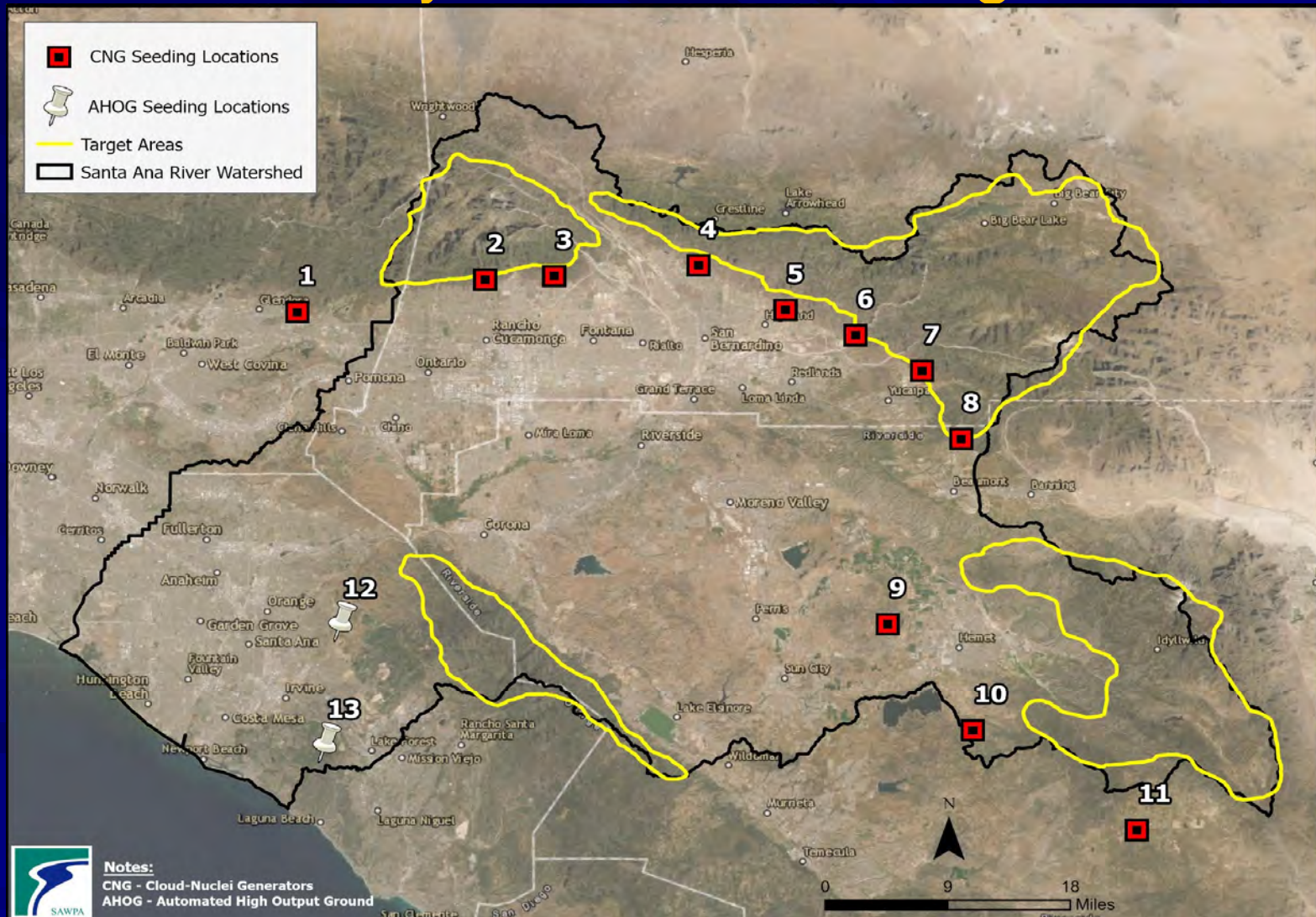
# Why consider pilot program now?

- Drought conditions continuing – New Normal?
- Costs for 8-11% increase in precipitation and streamflow is less than 1/10<sup>th</sup> the cost of imported water
- Local water storage has been effective, but more can be done – Tree rings show historical CA 40-50 year drought periods
- Four-year pilot program with validation evaluation would ensure effectiveness in Santa Ana River Watershed





# Preliminary Ground Seeding Sites



# Total Projected Increases

## Ground Only Seeding

Target Area	Seasonal Precip. Increase (inches)	Percent Increase	Avg. Natural Streamflow (AF)	Streamflow Increase (AF)	Percent Increase
NW	0.41	3.5%	25,000	2,043	8.2%
NE	0.49	4.1%	65,000	4,330	6.7%
SW	0.59	3.7%	5,000	447	9.0%
SE	0.49	4.5%	10,000	1,373	13.7%
<b>TOTAL w/ Ground Only</b>			<b>105,000</b>	<b>8,193</b>	<b>7.8%</b>

## With Aerial Support in the NE Target

Target Area	Seasonal Precip. Increase (inches)	Percent Increase	Avg. Natural Streamflow (AF)	Streamflow Increase (AF)	Percent Increase
NW	0.41	3.5%	25,000	2,043	8.2%
NE	0.89	7.3%	65,000	7,772	12%
SW	0.59	3.7%	5,000	447	9.0%
SE	0.49	4.5%	10,000	1,373	13.7%
<b>TOTAL</b>			<b>105,000</b>	<b>11,635</b>	<b>11.1%</b>

# Estimate for Pilot – Ground Based

	Rate	Frequency	
<b>Annual Operations</b>			
Set Up	\$ 33,500	1	\$ 33,500
Take Down	\$ 24,000	1	\$ 24,000
Reporting	\$ 10,000	1	\$ 10,000
<b>Monthly Operations</b>			
Fixed Services	\$ 24,500	5	\$ 122,500
<b>Variable Items (timed expenses are billed on a per hour basis)</b>			
Ground Flares	\$ 110	60	\$ 6,600
Generator Run Time	\$ 19.50	600	\$ 11,700
Flight Time	\$ 375	N/A	-
Aerial Flares	\$ 110	N/A	-
<b>TOTAL</b>			<b>\$ 208,300</b>
<b>COST PER ACRE-FOOT</b>			<b>\$ 25.42</b>
<b>Benefit to Cost</b>			<b>10.03</b>

**Cost per acre-foot (AF) =**  
Total Program Cost / Estimated AF produced

$$\$208,300 / 8,193 \text{ AF} = \$25.42 \text{ per AF}$$

**Benefit to Cost Ratio =**  
Cost of Untreated Imported Water per AF / Cost of Cloud Seeding per AF

$$\$255 \text{ per AF} / \$25.42 = 10.03$$

# Pilot Program Schedule

Program Element	2020	2021	2022	2023	2024	2025	2026
Feasibility Study	Active	Completed	Completed	Completed	Completed	Completed	Completed
Outreach for Local Funding Commitments	Completed	Active	Completed	Completed	Completed	Completed	Completed
Ground Seeding Site Analysis	Completed	Active	Completed	Completed	Completed	Completed	Completed
CEQA	Completed	Completed	Active	Completed	Completed	Completed	Completed
Grant Application	Completed	Completed	Active	Completed	Completed	Completed	Completed
Commence 4 Year Pilot Program	Completed	Completed	Completed	Active	Active	Active	Active
Outreach and Public Engagement	Completed	Active	Active	Active	Active	Active	Active



# Next Steps

- Continue briefings to interested governing bodies and agencies in watershed
- SAWPA Commission authorized the following:
  - Study of Ground Based Seeding Unit Sites and Access
  - CEQA Mitigated Negative Declaration
  - Seek DWR grant to cover 50% of pilot program
- Potential cost share partner agencies and companies who may benefit are being approached by SAWPA



Questions?



# SANTA ANA RIVER WATERSHED WEATHER MODIFICATION PILOT PROGRAM

For more info, contact Mark Norton at [mnorton@sawpa.org](mailto:mnorton@sawpa.org) or visit us at <https://sawpa.org/>

## Frequently Asked Questions

### What is cloud seeding?

Cloud seeding is a weather modification technique that improves a cloud's ability to produce rain or snow by artificially adding condensation nuclei to the atmosphere, providing a base for snowflakes or raindrops to form. Though cloud seeding is often reflective of both ground based seeding and aerial seeding of storms, the pilot program will only include ground based seeding units.



### Is cloud seeding safe?

Yes. From 50 years of research, there have been no human effects caused by the cloud seeding agent, silver iodide. The concentration of silver in rainwater or snow from a seeded cloud is much less than the U.S. EPA's standard for silver in drinking water. The potential environmental impacts of silver iodide have been studied extensively and represents a negligible risk to the environment. Cloud seeding operation would not result in any significant increase in silver concentrations in targeted watersheds.

### Will suspension criteria impact the effectiveness of the seeding program?

No. In our region, a cloud seeding program would only miss one weather event every two years due to program design to avoid flooding concerns in the downwind areas, which would have only a marginal impact on the overall program effectiveness.

### Will increasing snowpack in the upper headwaters benefit the water supply downstream of the Santa Ana River?



Yes. Increases in precipitation in the Santa Ana River Watershed yield a roughly 1.15 multiplicative factor on stream flow. For example, a 10% increase in precipitation will yield a 15% increase in streamflow. Our tributaries and streams are generally more efficient when more runoff is present, as a smaller percentage of the augmented runoff is lost to soil absorption. As a result, a positive impact down the entire stream and river network in the Santa Ana Watershed can be estimated.

## Are the estimated increases calculated from assumptions of average rainfall ?

No, the average projected rainfall was not based on the most recent five seasons. Instead, the program was designed to be cost effective even if there were dry years mixed in with average years. Therefore, five seasons from the past 10 historic years were evaluated. These five seasons were selected to represent a modified average that would more accurately represent the benefits of seeding during naturally occurring “dry,” “normal” and “wetter” years.

## Is there any chance that the seeding methods can cause wildfires?

The cloud seeding process uses ground based “burn-in-place” flares, meaning the flare never leaves its point of origin. The cloud nuclei generators (CNG) and the Automated High Output Ground Seeding (AHOGS) systems use specialized spark arrestors to catch embers and prevent them from hitting the ground around the installations. In addition, weed reduction is performed to prevent weeds from encroaching on the seeding stations. The AHOGS are also equipped with cameras during the seeding process. These systems have been in use for almost 30 years without any issues in California.



CNG

AHOGS



## How much increase in precipitation would be expected in densely populated valleys where seasonal rainfall is lower?

The expected increase over populated areas is projected to be dramatically lower, as they are not a primary target for any of the generators. The largest increases would be for areas downwind from the AHOGS in the SW area.

## How are operations handled in areas where recent wildfires risk abnormally high debris flows?

When large fires occur, an experienced weather modification contractor will work closely with flood control districts to determine the best approach for the season or seasons following the fire. Fires can result in some adjustments to the suspension criteria in affected areas of the program. The Santa Ana River Watershed’s target areas are fairly well isolated from each other and are operated during different wind regimes.







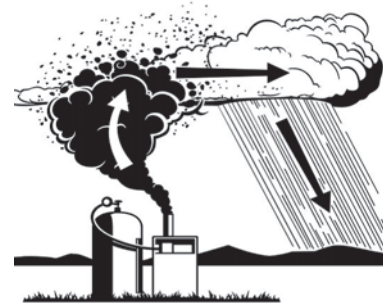
# SANTA ANA RIVER WATERSHED PILOT WEATHER MODIFICATION PROGRAM

## What is the Pilot Weather Modification Program?

In 2020, the Santa Ana River Watershed Project Authority (SAWPA) conducted a study on the economic and technical feasibility of implementing a weather modification, also known as cloud seeding program in the Santa Ana River Watershed to increase water supply in the region. With this study, SAWPA will now conduct a 4-year weather modification program to gather the necessary data for ensure the program is feasible and can be implemented in the watershed.

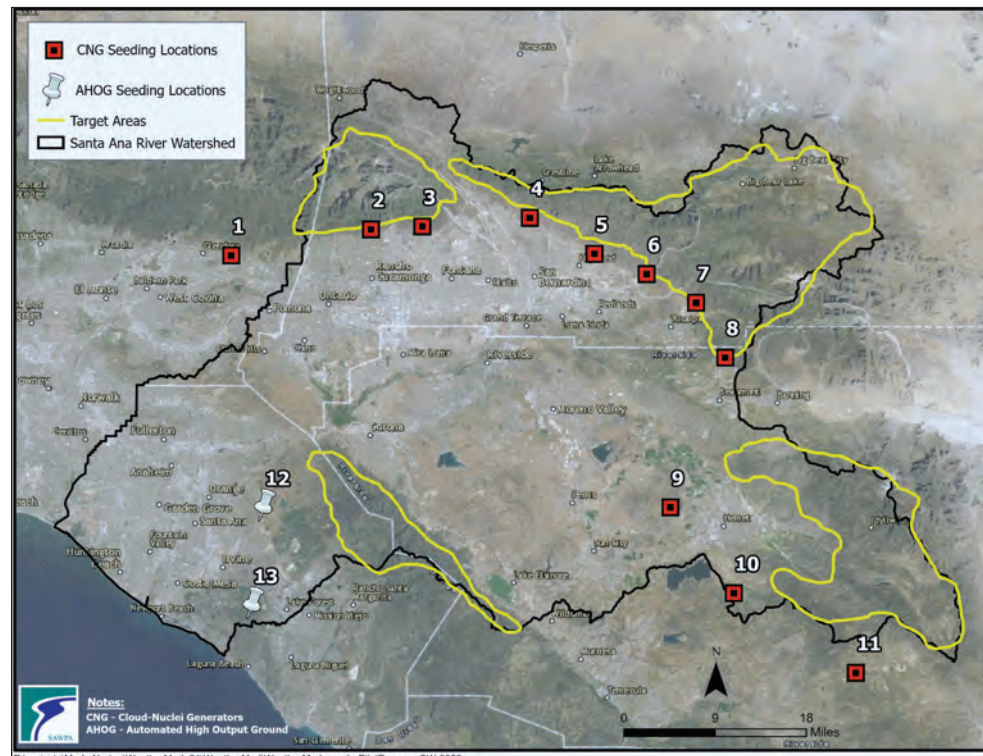
## What is Cloud Seeding?

Cloud seeding is a type of weather modification used to increase the amount of precipitation, including snow or rain, during the storm season. This process works through releasing particles of *silver iodide* into clouds, which increase the chances of droplet condensation.



## Targeted Areas

The program was designed to be implemented in four distinct mountain regions in the watershed. These areas were selected based on their contribution to past seasonal runoff. SAWPA has analyzed multiple storm events in the watershed over the several winter seasons, allowing them to compile a detailed climatology of the Santa Ana River Watershed region. From this, SAWPA has compiled an array of seeding sites for the Watershed's four target areas which then would be seeded by 13 ground seeding locations.



## Benefits

The following are some of the major economic and environmental benefits of implementing ground based cloud seeding in the Watershed:

- Increase of 8% in precipitation, increasing runoff/streamflow in the Santa Ana River, mitigating the negative effects of climate change, and enhancing riparian habitat
- Increase in water supply for the region, enhancing groundwater recharge and reducing reliability on imported water
- Increase in snowpack for snow season recreational activities

## How does cloud seeding work?

1. Storms come into the Watershed region, bringing in clouds and moist air (humidity)
2. Silver iodide particles are released into the atmosphere using ground based seeding systems
3. Freezing in the clouds is activated by silver iodide particles
4. Snowflakes fall to the ground, increasing the amount of snowpack in mountainous regions



## Cloud Seeding Method

**Ground-based seeding** consists of two methods, called *Cloud Nuclei Generators (CNGs)* and *Automated High Output Ground Seeding (AHOGS)*.

CNGs are manually operated and burn a solution of silver iodide and acetone, creating a continuous plume of seeding material that covers broad area over mountainous terrain. AHOGS systems are remotely operated units, burning in-place flares that rapidly release a high concentration of silver iodide and are ideal for seeding convective bands with high concentrations of supercooled liquid water and strong vertical updrafts. These systems are more expensive than traditional ground generators and are therefore used sparingly where the benefit outweighs the added investment.

## Cloud Seeding is Safe

From 50 years of research, there have been no human effects caused by the cloud seeding agent, silver iodide. The concentration of silver in rainwater or snow from a seeded cloud is much less than the U.S. EPA's standard for silver in drinking water. The potential environmental impacts of silver iodide have been studied extensively and represents a negligible risk to the environment. Cloud seeding



CNG



AHOGS



## Program Schedule

**Jan 2022**

Notice of Intent submitted for pilot project & Public review period

**Feb 2022**

CEQA Public Meeting

**Mar-Apr 2022**

Public Review period closes

**Jun 2022**

SAWPA Board of Commissioners to review documents

**Mid-July 2022**

SAWPA Board of Commissioners to approve CEQA for project

**October 2022**

Pilot Cloud Seeding Program begins



## Ensuring Wildlife and Community Safety from Wildfires

The cloud seeding process uses “burn-in-place” flares, meaning the flare never leaves its point of origin. Any embers from the aerial flares will extinguish before they hit the ground because of the elevation. The CNG and AHOGS systems use specialized spark arrestors to catch embers and prevent them from hitting the ground around the installations. In addition, weed reduction is performed to prevent weeds from encroaching on the seeding stations. The AHOGS towers are also equipped with cameras that are used during the seeding process. These systems have been in use for almost 30 years without any issues in California.



## Suspension Criteria for Flood Prevention & Water Quality Protection

When large fires occur, an experienced weather modification contractor will work closely with flood districts to determine the best approach for the season or seasons following the fire. Fires can result in some adjustments to suspension criteria in affected areas of the program. The Santa Ana River Watershed’s four target areas are fairly well-isolated from each other and are all targeted during different wind regimes.

Probability would indicate that the cloud seeding program would only miss one event every two years due to program design to avoid flooding concerns in the downwind area of Riverside County (Southwest target area), which would have only a marginal impact on the overall program effectiveness. In

## Increasing Streamflow in the Santa Ana River

Increases in precipitation in the Santa Ana River Watershed yield a roughly 1.15 multiplicative factor on stream flow. For example, a 10% increase in precipitation will yield a 15% increase in streamflow. Waterways are generally more efficient when more runoff is present, as a smaller percentage of the augmented runoff is lost to soil absorption. As a result, a positive impact down the entire stream & river network in the Santa Ana River Watershed can be predicted.



## Calculating Precipitation Increases with Past Climate Data

The average rainfall is determined by averaging values at the available precipitation stations. The average projected rainfall was not based on the most recent five seasons. Instead, the study sought to ensure that the program would be cost effective even if there were dry years mixed in with average years. Therefore, five noncontinuous seasons from the past 10 historic years were evaluated. These five selected seasons were selected to represent a modified average that would more accurately represent the benefits of seeding during naturally occurring “dry,” “normal” and “wetter” years.

The expected increase in urban, populated areas is projected to be dramatically lower, as they are not a primary target for any of the generators. The largest increases would be for areas downwind from the AHOGS in the Southwest area.

## Who is SAWPA?

### SAWPA is a Watershed Agency Focused on Regional Water Issues

The Santa Ana River Watershed Project Authority (SAWPA) was created to help resolve interagency conflicts and address regional water issues in the Santa Ana River watershed. SAWPA tackles issues related to water supply reliability, water quality improvement, recycled water, wastewater treatment, groundwater management, and brine disposal.

### SAWPA's Role

#### SAWPA Supports its Member Agencies and Other Organizations with Water Planning

SAWPA is a Joint Powers Authority of five member agencies that supports water resources planning: Eastern Municipal Water District, Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District, and Western Municipal Water District. SAWPA seeks to create and facilitate partnerships with and between organizations pursuing shared interests and overall watershed sustainability. Our regional leadership provides a model of collaboration and cooperation utilizing integrated solutions. SAWPA's Mission is to:

- Facilitate communication
- Identify emerging opportunities
- Develop regional plans
- Secure funding
- Implement programs
- Build projects
- Operate and maintain facilities

#### SAWPA Administers Multi-Agency Task Forces

SAWPA serves as an administrator for several Task Forces within the watershed through meeting facilitation, contract service administration, and Task Force Agreement coordination. Through collaborative processes, SAWPA creates value by building relationships among regulators, SAWPA members, and regulated parties that allow for economies of scale, reduced costs, or increased benefits in addressing water related issues; provides regional capacity and neutral venue for supporting multi-agency forum(s) to address the water resources challenges in the Santa Ana River Watershed; and assists in the establishment and on-going facilitation of stakeholder processes to address watershed-specific issues.

## SAWPA Regional Planning Efforts

- Middle Santa Ana River TMDL Task Force
- Emerging Constituents Program Task Force
- Imported Water Recharge Workgroup
- Regional Water Quality Monitoring Task Force
- One Water One Watershed Program
- Santa Ana Sucker Conservation Team
- Lake Elsinore and Canyon Lake TMDL Task Force
- Forest First
- Water Energy Community Action Network
- Arundo Habitat Management



## Learn More and Contact Information

To learn more about the Pilot Weather Modification Program, please visit:



[sawpa.org/latest-info/watershed-cloud-seeding-feasibility-study/](http://sawpa.org/latest-info/watershed-cloud-seeding-feasibility-study/)



Contact Mark Norton at:  
[mnorton@sawpa.org](mailto:mnorton@sawpa.org)

# How to beat the drought? Inland Empire water agency wants to make it rain

Storm clouds fill the sky over Beaumont looking west as the Santa Ana Watershed Project Authority is moving forward with cloud seeding over parts of the Inland Empire on Friday, October 8, 2021. (Photo by Terry Pierson, The Press-Enterprise/SCNG)  
By [STEVE SCAUZILLO](#) | [sscauzillo@scng.com](mailto:sscauzillo@scng.com) | San Gabriel Valley Tribune  
PUBLISHED: October 11, 2021 at 9:44 a.m. | UPDATED: October 11, 2021 at 9:44 a.m.

Programs from the drought-busting handbook practiced by Southern California water agencies include recycling water, building storm-water capture basins and offering cash rebates for replacing thirsty lawns with xeriscape landscaping.

With the grip from a second year of drought tightening, a regional water-planning agency in the Inland Empire is moving ahead for the first time in its history with a more controversial program: cloud seeding.

Previous







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Next

**1 of 3**

Storm clouds fill the sky over the Beaumont as the Santa Ana Watershed Project Authority is moving forward with cloud seeding over parts of the Inland Empire on Friday, October 8, 2021. (Photo by Terry Pierson, The Press-Enterprise/SCNG)

The Santa Ana Watershed Project Authority Commission has approved a four-year pilot cloud-seeding project in yet-to-be-determined locations in and near the mountains of San Bernardino, Riverside, Orange and a portion of Los Angeles counties, said Jeff Mosher, SAWPA general manager.

On Oct. 19, the commission's board will vote on beginning the environmental review, which could take a few months. It will also determine the exact locations for cloud-seeding generators. The agency has committed about \$400,000 and will seek a state grant for half — a combined process that may take about a year to complete, Mosher said.

A cloud-seeding program aimed at coaxing more rain out of the skies could launch in October or November 2022, depending on weather conditions, he said.

The objective is to augment the amount of rain and snowfall in the mountains that feed into the 2,560-square-miles of the Santa Ana River, from which about 6 million

people get some if not all of their water. Storm-water runoff basins have already been built from the mouth of the river in Highland to the Prado Dam near Corona by the commission's five member agencies: Eastern Municipal Water District, Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District and Western Municipal Water District.

But if not enough rain falls, or mountain snowmelt is reduced to a trickle, capture basins will be underused or could go dry, reducing supplies. Other methods, such as recharging the underground aquifer, would also be limited, reducing water supplies for the five water agencies as well as many cities, such as Rialto and Riverside, that rely on pumping up water from local wells.

"We've invested in storm-water capture basins but they only work if we have storm water," Mosher explained. Initial studies predict an increase of between 8% and 11% per year.

An 8% increase would generate 8,193 acre feet of water, more than 2.7 billion gallons, or enough for more than 16,000 households per year, when figuring 1 acre foot of water is used in indoor and outdoor uses for two households per year in Southern California.

"The idea would be to increase runoff into the Santa Ana River and its tributaries and then capture that behind the dams," Mosher said. The biggest target is Seven Oaks Dam in Highland, near Redlands, which has the capacity for holding back more runoff for percolation into the water table.

### **How does it work**





A ground seeding generator is shown in use. Ground-based generators burn a 2% solution of silver iodide. As the generator burns, silver iodide particles ascend up and into the storm system, supported by orographic lift. Once in the cloud, silver iodide acts as a nucleating agent triggering the formation of additional snowflakes by attracting supercooled liquid water droplets. (Courtesy of North American Weather Consultants)

When cloud-seeding generators heat up, they send a plume of smoke containing microscopic crystals of silver iodide into the sky. These silver iodide particles attract super-cooled water droplets that instigate ice crystals. The crystals enlarge as more water freezes around their center and fall as snowflakes or hailstones. Some convert to raindrops, explained Garrett Cammans, president of North American Weather Consultants.

His company did a [feasibility study for the Santa Ana Watershed authority's project](#) and determined that the mountains around the region and weather conditions make for a successful program. The company "concluded that the proposed program, as designed in this study, is technically feasible," the report said.

The study suggests placing ground generators in four general locations: the mountains bordering Los Angeles and San Bernardino counties (from Montclair to Fontana); the mountains in San Bernardino County east of the 15 Freeway and extending to Palm Springs; the mountains in Riverside County west and southwest of Palm Springs; and the mountain ranges on the border of Orange and Riverside counties.

Mosher said the Inland Empire agency has never done cloud-seeding but has heard successful stories from other counties, namely Santa Barbara.

### **Becoming more popular**

Cammans' firm has been doing cloud seeding, known as weather modification, since the 1950s, he said. The company started in Altadena, an unincorporated community north of Pasadena at the base of the San Gabriel Mountains, and is now located in Sandy, Utah.

The company, with the website that says in big block letters "We Make It Rain," has projects in Utah, Colorado and California. It has an ongoing cloud-seeding project in Santa Barbara County, Cammans said.

Interest in cloud seeding has grown during the last 10 years, he said. "I would say there is enhanced concern for the water resources that are available," he added.

While climatologists talk about the southwestern United States mired in a 20-year drought, mostly due to climate change, rising temperatures and less snowfall, California has been plagued by a drought since 2020.

In July 2021, 85% of the state was facing extreme drought, with the Colorado River water source down considerably, according to state water agencies. Water levels at Lake Mead in Nevada continue to drop and were at 35% in August, the lowest since Hoover Dam was built in 1936. In mid-August the [Metropolitan Water District of Southern California declared a “water supply alert”](#) and began urging water conservation throughout Southern California.

Even with precipitation, bone-dry mountain areas can hold back runoff from reaching the river, as moisture soaks into the parched soil like a sponge, Mosher said.

### **Is it safe?**

Cloud seeding would be halted if a storm was too big, for fear it would cause torrential rains and flooding. Also, scientists would avoid denuded areas scarred from previous wildfires to prevent rain from causing debris flows, according to the Santa Ana Watershed authority’s report.

Los Angeles County canceled a five-year contract with North American Weather Consultants after a brief stint with cloud seeding in the Pacoima, Tujunga and San Gabriel Mountains watershed areas when the [San Gabriel Complex fire](#) broke out in the eastern San Gabriel Valley foothills in June 2016, said Kerjon Lee, spokesman for the county’s Department of Public Works.

“We had a major fire event, we held off and didn’t do it anymore,” Lee said.

The company’s [feasibility report](#) for the Santa Ana Watershed mentioned an area left denuded by the Apple fire, near Cherry Valley south of Oak Glen, in 2020. But the study concluded the generators could be targeted away from such burn areas, “while avoiding burn scars, with relative ease.”

Jake Slemboski, 29, a resident of Rancho Cucamonga said he is concerned that not enough is known about the use of silver iodide.

“There have not been tons of studies to see if (silver iodide) would accumulate in the soil and if it would affect wildlife. It may not be safe,” he said.

Cammans said the amount of silver iodide after cloud seeding is imperceptible because concentrations are extremely low. Silver is “biologically inert” and iodine is a common food additive, often added to table salt, said.

“Silver and iodine are harmless to human life,” he added.

### **To learn more**

- The Santa Ana Watershed Project Authority Commission will hold a [webinar](#) 1:30 p.m. to 3:30 p.m. Thursday, Oct. 14. The Zoom meeting will explain the process of cloud seeding.
- Go to the water agency’s website at [sawpa.org](#) and scroll down to “Latest Info.”