



## AGENDA

### EAST ORANGE COUNTY WATER DISTRICT

### ADMINISTRATION & FINANCE COMMITTEE AGENDA

Friday, March 8, 2024  
9:00 A.M.

**Call meeting to order – Chair Sears**

**Public Communications to the Committee**

**Additional items arising after posting of agenda**

1. Monthly Financial Statements  
Recommendation: Informational.
2. Monthly Disbursements  
Recommendation: Informational.
3. Annual Audit  
Recommendation: Recommend Board Receive and File
4. \$20 million Installment Purchase Agreement  
Recommendation: Recommend Board Revise Capital Budget
5. Proposed Revisions to Personnel Handbook  
Recommendation: Recommend Board Approval

**Adjournment**

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Administrative & Finance Committee in connection with a matter subject to discussion or consideration at an open meeting of the Administrative & Finance Committee are available for public inspection in the District's office, 185 McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available via phone or email request to Ms. Sylvia Prado at (714) 538-5815 or [sprado@eocwd.com](mailto:sprado@eocwd.com).



# MEMO

**TO: ADMINISTRATION AND FINANCE COMMITTEE**  
**FROM: GENERAL MANAGER**  
**SUBJECT: MONTHLY FINANCIAL STATEMENTS AND TRESURERS REPORT**  
**DATE MARCH 8, 2024**

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## Background

Monthly Financial Statements and Treasurer's Report for December.

## Recommendation

Informational.

**Attachment(s):** Financial Statements for December  
Treasurer's Report for December

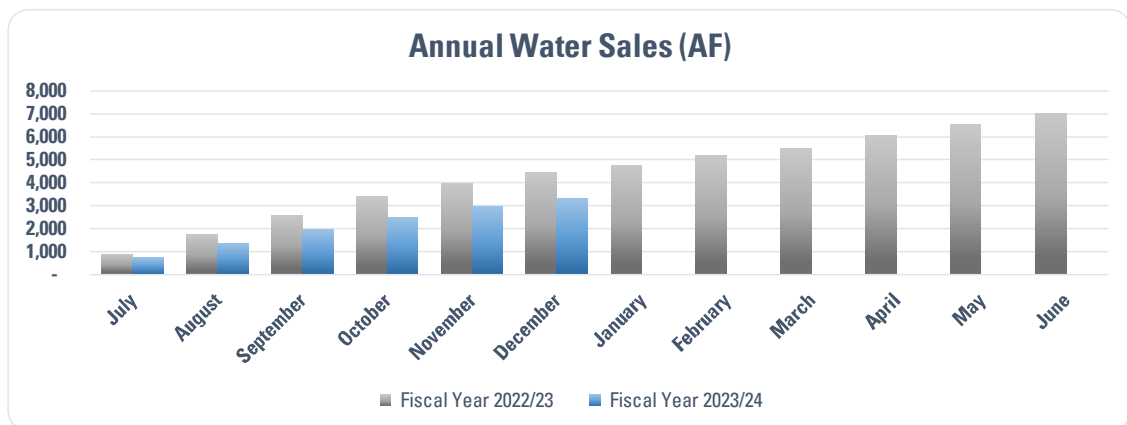
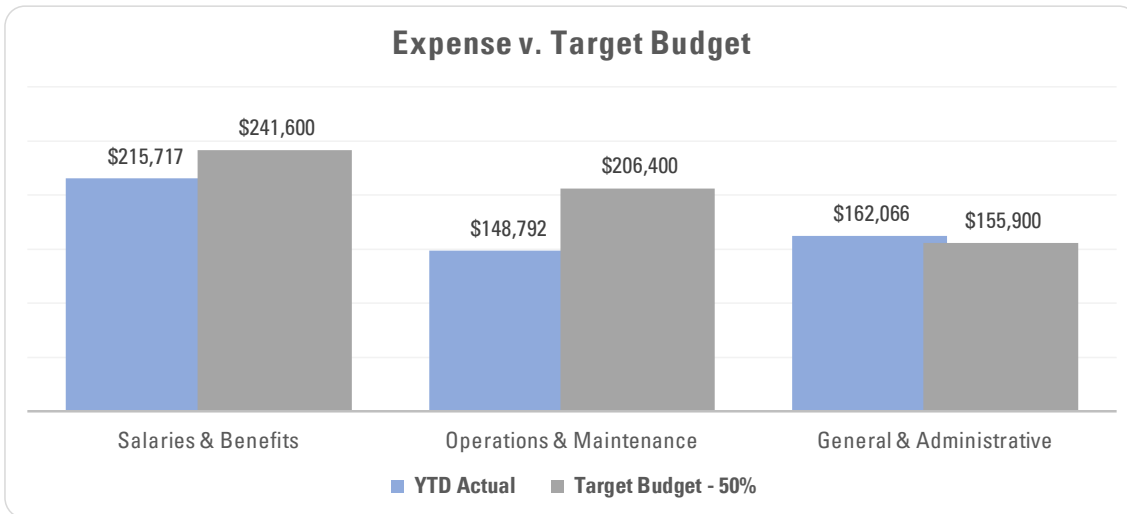


## Wholesale Budget to Actual Summary

(Unaudited)

For the Period Ending December 31, 2023

	A	B	C	D = B / C
<i>Wholesale Budget to Actual Summary</i>	DEC 2023 ACTUAL	YTD ACTUAL	2023/24 ANNUAL BUDGET	YTD BUDGET 50%
<b>1 REVENUE</b>				
2 Operating Revenue	\$ 564,456	\$ 4,807,777	\$ 10,243,400	47%
3 Non-Operating Revenue /(Expense)	397,553	819,409	1,439,900	57%
<b>4 TOTAL REVENUE</b>	<b>962,009</b>	<b>5,627,186</b>	<b>11,683,300</b>	<b>48%</b>
<b>5 EXPENSE</b>				
6 Source of Supply	517,060	4,346,942	9,691,500	45%
7 Salaries & Benefits	36,293	215,717	483,100	45%
8 Operations & Maintenance	25,721	148,792	412,800	36%
9 General & Administrative	14,565	162,066	311,700	52%
<b>10 TOTAL EXPENSE</b>	<b>593,640</b>	<b>4,873,517</b>	<b>10,899,100</b>	<b>45%</b>
<b>11 NET REVENUE / (EXPENSE)</b>	<b>368,369</b>	<b>753,670</b>	<b>784,200</b>	<b>96%</b>
12 Capital Improvement Program PAYGO	(164,638)	(1,062,579)	(3,445,300)	31%
13 Section 115 Pension Trust Contribution	-	-	-	N/A
<b>14 NET CASH INFLOW / (OUTFLOW)</b>	<b>\$ 203,730</b>	<b>\$ (308,909)</b>	<b>\$ (2,661,100)</b>	<b>12%</b>



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

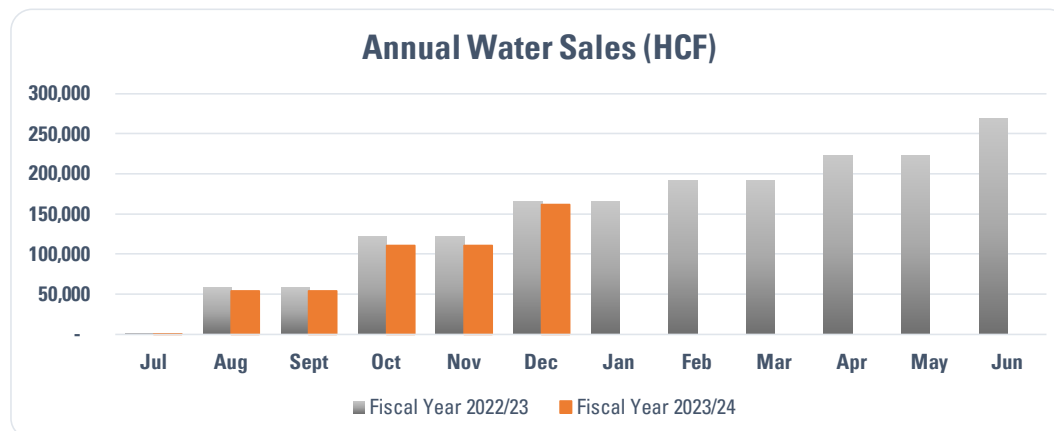
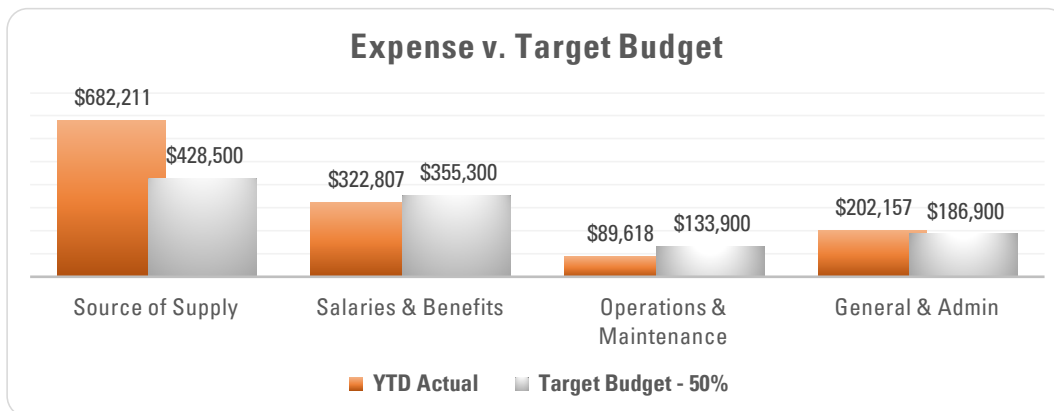


## Retail Budget to Actual Summary

(Unaudited)

**For the Period Ending December 31, 2023**

<i>Retail Budget to Actual Summary</i>	A	B	C	D = B / C
	DEC 2023	YTD	2023/24	YTD
	ACTUAL	ACTUAL	ANNUAL BUDGET	BUDGET 50%
<b>1 REVENUE</b>				
2 Operating Revenue	\$ 643,688	\$ 1,563,890	\$ 2,757,700	57%
3 Non-Operating Revenue /(Expense)	201,709	363,146	661,600	55%
<b>4 TOTAL REVENUE</b>	<b>845,397</b>	<b>1,927,036</b>	<b>3,419,300</b>	<b>56%</b>
<b>5 EXPENSE</b>				
6 Source of Supply	166,589	682,211	856,900	80%
7 Salaries & Benefits	53,742	322,807	710,500	45%
8 Operations & Maintenance	23,693	89,618	267,800	33%
9 General & Administrative	24,248	202,157	373,700	54%
<b>10 TOTAL EXPENSE</b>	<b>268,273</b>	<b>1,296,793</b>	<b>2,208,900</b>	<b>59%</b>
<b>11 NET REVENUE / (EXPENSE)</b>	<b>577,125</b>	<b>630,243</b>	<b>1,210,400</b>	<b>52%</b>
12 Debt Service	-	(41,520)	(259,000)	16%
13 Capital Improvement Program PAYGO	(161,525)	(972,043)	(5,707,600)	17%
14 Section 115 Pension Trust Contribution	-	-	-	N/A
<b>15 NET CASH INFLOW / (OUTFLOW)</b>	<b>\$ 415,600</b>	<b>\$ (383,319)</b>	<b>\$ (4,756,200)</b>	<b>8%</b>



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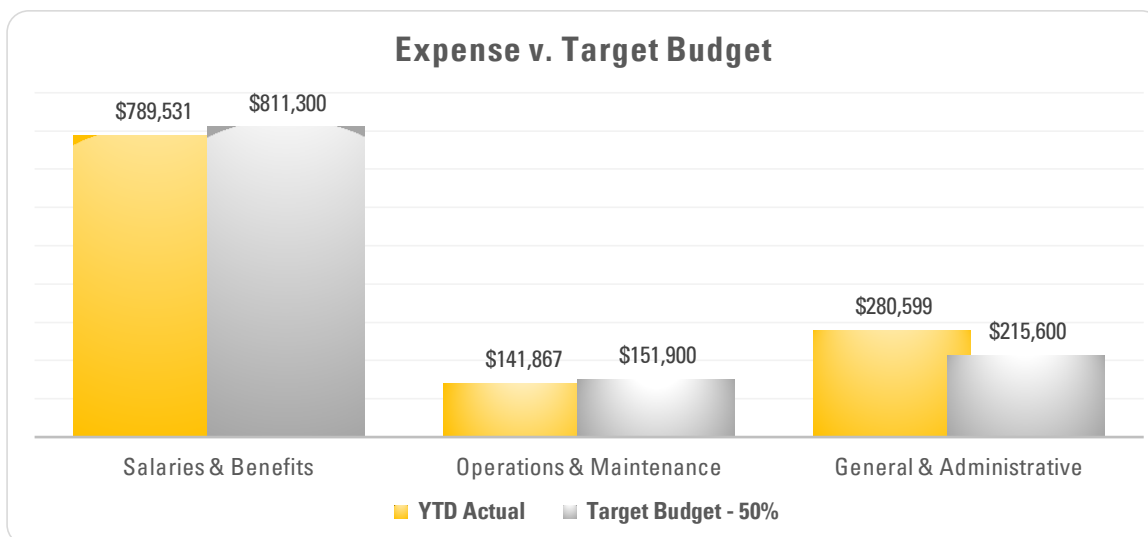


## Sewer Budget to Actual Summary

(Unaudited)

**For the Period Ending December 31, 2023**

	A	B	C	D = B / C
<i>Sewer Budget to Actual Summary</i>	DEC 2023 ACTUAL	YTD ACTUAL	2023/24 ANNUAL BUDGET	YTD BUDGET 50%
<b>1 REVENUE</b>				
2 Operating Revenue	\$ 1,247,744	\$ 2,002,037	\$ 3,426,700	58%
3 Non-Operating Revenue /(Expense)	623,537	1,558,715	1,715,400	91%
<b>4 TOTAL REVENUE</b>	<b>1,871,281</b>	<b>3,560,752</b>	<b>5,142,100</b>	<b>69%</b>
<b>5 EXPENSE</b>				
6 Salaries & Benefits	132,290	789,531	1,622,500	49%
7 Operations & Maintenance	14,219	141,867	303,700	47%
8 General & Administrative	37,316	280,599	431,200	65%
<b>9 TOTAL EXPENSE</b>	<b>183,826</b>	<b>1,211,998</b>	<b>2,357,400</b>	<b>51%</b>
<b>10 NET REVENUE / (EXPENSE)</b>	<b>1,687,455</b>	<b>2,348,755</b>	<b>2,784,700</b>	<b>84%</b>
11 Debt Service	-	(166,078)	(1,036,200)	16%
12 Capital Improvement Program PAYGO	(667,094)	(3,236,978)	(3,804,500)	85%
13 Section 115 Pension Trust Contribution	-	-	-	N/A
14 Prior Year Expense	-	(198,719)	-	N/A
<b>15 NET CASH INFLOW / (OUTFLOW)</b>	<b>\$ 1,020,362</b>	<b>\$ (1,253,021)</b>	<b>\$ (2,056,000)</b>	<b>61%</b>



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



# Cash & Investments

(Unaudited)

December 31, 2023

	Type	Cost	Market	% Total
<b>District Cash &amp; Investments</b>				
<b>Unrestricted</b>				
Local Agency Investment Fund (LAIF) *	Investment	\$ 2,118,023	\$ 2,104,347	3.6%
U.S. Bank - Sewer	Investment	5,844,846	5,644,716	9.7%
Raymond James Brokerage - Wholesale	Investment	7,389,302	7,352,657	12.7%
Raymond James Brokerage - Sewer	Investment	4,868	4,930	0.0%
CA CLASS Prime Fund **	Investment	5,218,405	5,218,761	9.0%
Citizens Business Bank	Checking	3,196,878	3,196,878	5.5%
Citizens Business Bank	Money Market	73,099	73,099	0.1%
<b>Total Unrestricted</b>		<b>23,845,421</b>	<b>23,595,388</b>	<b>40.7%</b>
<b>Restricted</b>				
U.S. Bank - Sewer Acquisition Funds	Investment	32,577,959	31,462,473	54.2%
U.S. Bank - Sewer Capacity Fees	Investment	1,332,980	1,287,338	2.2%
U.S. Bank - Debt Proceeds	Investment	1,546,282	1,546,282	2.7%
PARS Post-Employment Benefits	Trust	150,000	148,931	0.3%
<b>Total Restricted</b>		<b>35,607,221</b>	<b>34,445,024</b>	<b>59.3%</b>
<b>Total District Cash &amp; Investments</b>		<b>\$ 59,452,643</b>	<b>\$ 58,040,412</b>	<b>100.0%</b>

\* The LAIF Market Value factor is updated quarterly in September, December, March, and June.

\*\* The CLASS Prime Fund Net Asset Value factor is updated monthly.

### **Treasurer Certification**

*I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California.*

*Cindy Byerrum*

**Cindy Byerrum, Treasurer**



# MEMO

**TO: ADMINISTRATION & FINANCE COMMITTEE**  
**FROM: GENERAL MANAGER**  
**SUBJECT: MONTHLY DISBURSEMENTS**  
**DATE MARCH 8, 2024**

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## Background

Monthly disbursements

## Recommendation

Informational.

Attachment(s): Monthly disbursements report

**EAST ORANGE COUNTY WATER DISTRICT**

**DISBURSEMENT SUMMARY**

**March 8, 2024**

Wholesale Zone, Retail Zone, and ID1 Bill Payments	\$605,092.47
Wire Payments:	
Snyer Langston - Payment for New Administration Building	\$855,602.00
US Bank - Payment for Debt Service for CFD 2018-1	\$11,824.41
MWDOC - December 2023 Water Deliveries Payment	\$493,571.50
Tangram Interiors - 50% Deposit for New Building Furniture	\$111,354.52
Snyer Langston - Payment for New Administration Building	\$1,166,579.00
Director's Payroll	\$954.04
Employee's Payroll	\$378,428.88
<b>Disbursement Total</b>	<b><u><u>\$3,623,406.82</u></u></b>

**TRANSFER SUMMARY**

Transfers	\$ 100,000.00
<b>Transfer Total</b>	<b><u><u>\$100,000.00</u></u></b>

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



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01/23/24

Accrual Basis

**East Orange County Water District**  
**Bills For Consideration**  
**As of January 23, 2024**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Credit</u>
01/23/2024	8425	Aric Toll	RZ Customer Deposit Refund	654.67
01/23/2024	8426	AT&T MOBILITY	Cellular Line - 01/13/2024-02/12/2024	73.12
01/23/2024	8427	CINTAS CORPORATION NO. 3	Uniforms - January 2024	106.54
01/23/2024	8428	COMMUNICATIONS LAB	Professional Services - December 2023	5,000.00
01/23/2024	8429	EAST ORANGE COUNTY WATER DIST.	Payment to WZ for Imported Water	76,678.10
01/23/2024	8430	Jiansen Huang & Qian Yuan	Sewer and Wholesale Permit Refund	1,575.20
01/23/2024	8431	MY SELF STORAGE SPACE ORANGE	Storage Rental	579.00
01/23/2024	8432	Orange County Sanitation District	December 2023 Sewer Permits	11,326.70
01/23/2024	8433	R.J. NOBLE COMPANY	Manhole Adjustments	55,245.00
01/23/2024	8434	TOWNSEND PUBLIC AFFAIRS, INC.	State/Fed Gov Relations January 2024	3,000.00
01/23/2024	8435	UMPQUA BANK	Credit Card Activity 12/1/23-12/31/23	12,685.47
01/23/2024	8436	UNITED SITE SERVICES OF CALIFORNIA,...	Waste Holding Tank - Vista Panorama 01/18/24-02/14/24	508.16
<b>TOTAL</b>				<b>167,431.96</b>

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01/24/24

Accrual Basis

# East Orange County Water District

## Bills For Consideration

As of January 24, 2024

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<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Credit</u>
01/24/2024	8437	HOME DEPOT CREDIT SERVICES	Misc. Hardware, Materials & Tools/Maintenance	888.21
01/24/2024	8438	ORANGE COUNTY WATER DISTRICT	Groundwater - Jul- Dec '23	1,123.20
<b>TOTAL</b>				<b>2,011.41</b>

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**East Orange County Water District  
Bills For Consideration  
As of January 30, 2024**

Date	Num	Name	Memo	Credit
01/30/2024	8439	ALS GROUP USA, CORP	Laboratory Analysis (water quality) January 2024	7.50
01/30/2024	8440	ATKINSON, ANDELSON, LOYA, RUUD & ...	December 2023 Legal Fees	3,120.00
01/30/2024	8441	BECKO, INC.	Vista Panorama Reservoir Site	21,697.00
01/30/2024	8442	BEE REMOVERS	Honeybee Removal December 2023	195.00
01/30/2024	8443	CALIFORNIA CONCRETE READY MIX, I...	District Headquarters	1,650.00
01/30/2024	8444	CDM SMITH INC.	VanderWerff Well Equipping Construction Management & Inspection	2,577.80
01/30/2024	8445	CINTAS CORPORATION NO. 3	Uniforms - January 2024	101.03
01/30/2024	8446	CITY OF ORANGE	Vehicle Maintenance	1,729.07
01/30/2024	8447	EIDE BAILLY LLP	Consulting Services Retainer - November 2023	9,253.00
01/30/2024	8448	FOOTHILL SENTRY, INC	Display Color Ad February 2024	525.17
01/30/2024	8449	G O RODRIGUEZ TRUCKING, INC	Spoils Haul Off	2,360.00
01/30/2024	8450	HYDROPRO SOLUTIONS	RZ Meter Maintenance	1,369.39
01/30/2024	8451	LEWIS CONSULTING GROUP	Consulting Services - January 2024	2,500.00
01/30/2024	8452	MOBILE MODULAR	Mobile Modular - Rental 01/25/24-02/23/24	1,632.41
01/30/2024	8453	PTI SAND & GRAVEL	Mains Maintenance	1,449.28
01/30/2024	8454	SOUTH COAST AIR QUALITY MANAGE...	Emissions Fees FY 23-24	665.26
01/30/2024	8455	SOUTHERN CALIFORNIA EDISON	Electric Services- Various Sites - 12/01/23-01/24/24	415.74
01/30/2024	8456	SPECTRUM BUSINESS	Office Internet 09/08/23-02/07/24	2,609.60
01/30/2024	8457	STANDARD INSURANCE COMPANY	Life Insurance Premium 02/01/24-02/29/24	845.60
01/30/2024	8458	SUNBELT RENTALS	Equipment Rental	842.83
01/30/2024	8459	TOTAL EXTERMINATING INC	Rodent Control - Peter's Canyon Res January 2024	275.00
01/30/2024	8460	UNITED WATERWORKS INC.	Small Tools and Vista Panorama	435.26
01/30/2024	8461	WATERLINE TECHNOLOGIES INC.	Water Quality	457.50
<b>TOTAL</b>				<b>56,713.44</b>

## East Orange County Water District Bills For Consideration

As of February 8, 2024

Date	Num	Name	Memo	Credit
02/08/2024	8462	ACWA-JPIA (EMP INSURANCE)	Employee Med/Dental/Vision/Life Insurance March 2024	26,084.58
02/08/2024	8463	ALLCOM BUILDING SERVICES	February 2024 Janitorial	300.00
02/08/2024	8464	ALS GROUP USA, CORP	Laboratory Analysis (water quality) January 2024	969.50
02/08/2024	8465	BEST BEST & KRIEGER LLP	Legal Services through 01/31/24	651.00
02/08/2024	8466	Brayden Bonnell	Uniform Reimbursement	177.76
02/08/2024	8467	CASAMAR GROUP, LLC	Labor Compliance Monitoring and Enforcement - January 2024	1,396.12
02/08/2024	8468	CHAMPION PAVING INC.	Base Paving and Sidewalk Replacement for Admin Building	27,682.00
02/08/2024	8469	CINTAS CORPORATION NO. 3	Uniforms - February 2024	101.03
02/08/2024	8470	CITY OF ORANGE	Vehicle Maintenance	710.88
02/08/2024	8471	CORE & MAIN LP	Valve Maintenance	2,230.43
02/08/2024	8472	COUNTY OF ORANGE	Encroachment Permit	3,686.36
02/08/2024	8473	DRAW TAP GIS, LLC	ArcGIS Enterprise 11.1 Implementation	4,743.75
02/08/2024	8474	EEC ENVIRONMENTAL	FOG Program 12/01/23-12/31/23	1,247.50
02/08/2024	8475	G O RODRIGUEZ TRUCKING, INC	Spoils Haul Off	1,570.00
02/08/2024	8476	GENERATOR SERVICES CO, INC	Rental Generator -12/01/23-12/31/23	2,699.52
02/08/2024	8477	HACH COMPANY	Water Quality Supplies	261.89
02/08/2024	8478	HILL BROTHERS CHEMICAL CO	Chemicals for WZ Reservoir	1,059.33
02/08/2024	8479	HOME DEPOT CREDIT SERVICES	Misc. Hardware, Materials & Tools/Maintenance	2,408.85
02/08/2024	8480	INSTANT LUBE, INC.	Vehicle Maintenance	72.94
02/08/2024	8481	MAIN GRAPHICS	Bi-Monthly Mailing	1,748.20
02/08/2024	8482	MATRIX COMPUTER SERVICE	IT Support 12/18/23-01/09/24	4,900.00
02/08/2024	8483	McMASTER-CARR SUPPLY COMPANY	Small Tools	222.83
02/08/2024	8484	MORROW MEADOWS CORP	Vista Panorama	503.65
02/08/2024	8485	ORANGE CHAMBER OF COMMERCE	Annual Affiliate Investment	525.00
02/08/2024	8486	Orange County Sanitation District	January 2024 Sewer Permits	7,669.39
02/08/2024	8487	PARADISE DRINKING WATERS	Bottled Water (Office & Field)	73.60
02/08/2024	8488	SALCO ELECTRIC, INC.	District Headquarters	23,408.00
02/08/2024	8489	SC FUELS	Fuel - January 2024	4,178.46
02/08/2024	8490	SOUTH COAST AIR QUALITY MANAGEMEN...	Permit Processing Fee	1,108.33
02/08/2024	8491	SOUTHERN CALIFORNIA EDISON	Electric Services - Various locations 01/04/24-02/01/24	995.54
02/08/2024	8492	SOUTHERN CALIFORNIA WATER COALITIION	SCWC Membership 01/01/24 - 12/31/24	1,000.00
02/08/2024	8493	T.E. ROBERTS, INC.	Sewer Mains Lines Maintenance	18,200.00
02/08/2024	8494	TOWNSEND PUBLIC AFFAIRS, INC.	State/Fed Gov Relations February 2024	3,000.00
02/08/2024	8495	TRENCH SHORING COMPANY	Hydrant and Water Service Installation for Admin Building	1,959.20
02/08/2024	8496	UNDERGROUND SERVICE ALERT	USA Location -January 2024	774.88
02/08/2024	8497	UNITED WATERWORKS INC.	System Maintenance	10.95
02/08/2024	8498	VERIZON WIRELESS	Wireless - 12/26/23-01/25/24	809.05
02/08/2024	8499	WATERLINE TECHNOLOGIES INC.	Water Quality	3,309.25
02/08/2024	8500	Webb Municipal Finance	Professional Services 2024	3,000.00
02/08/2024	8501	WEST YOST & ASSOCIATES, INC	Professional Services 10/07/2023-12/08/2023	15,978.78
<b>TOTAL</b>				<b>171,428.55</b>

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02/20/24

Accrual Basis

# East Orange County Water District

## Bills For Consideration

As of February 9, 2024

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<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Credit</u>
02/09/2024	8502	CITY OF TUSTIN	2024 Annual Blanket Permit - Various Locations	6,312.00
<b>TOTAL</b>				<b>6,312.00</b>

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## East Orange County Water District Bills For Consideration As of February 20, 2024

Date	Num	Name	Memo	Credit
02/20/2024	8503	AT&T	Office Lines 01/01/2024-01/31/2024	79.01
02/20/2024	8504	AT&T	SCADA System 01/01/2024-01/31/2024	375.29
02/20/2024	8505	AT&T	Office Fax 01/01/2024-01/31/2024	44.82
02/20/2024	8506	AT&T	SCADA ALARM 01/01/2024-01/31/2024	44.82
02/20/2024	8507	AT&T	SCADA FAX 01/01/2024-01/31/2024	44.82
02/20/2024	8508	BAY ALARM	Alarm Services 03/01/24-05/31/24	133.47
02/20/2024	8509	BUTIER ENGINEERING, INC	Construction Management Services - Admin Office Building & Circula Panorama	18,740.00
02/20/2024	8510	CDM SMITH INC.	VanderWerff Well Equipping Construction Management & Insepection	2,597.80
02/20/2024	8511	CINTAS CORPORATION NO. 3	Uniforms - February 2024	1,467.89
02/20/2024	8512	CORNERSTONE LAND SURVEYING, INC.	Vista Panorama	4,020.00
02/20/2024	8513	CR&R INC.	Waste Disposal Service - 02/01/24-02/29/24	263.60
02/20/2024	8514	Danny Trinh	RZ Customer Deposit Refund	748.18
02/20/2024	8515	EIDE BAILLY LLP	Consulting Services Retainer - December 2023	9,253.00
02/20/2024	8516	MAJESTIC MASONRY, INC.	210 McPherson Wall Repair	2,590.00
02/20/2024	8517	MESA WATER DISTRICT	October- November Fee Share	171.99
02/20/2024	8518	MKN	Brae Glen Pipeline, Zone 3 to 2 Pipeline Conversion & Barrett Pump Station	26,049.81
02/20/2024	8519	MY SELF STORAGE SPACE ORANGE	Storage Rental	614.00
02/20/2024	8520	RED WING SHOE STORE	Boots for Employees	400.00
02/20/2024	8521	Sheldon Development LLC	Sewer Analysis Refund	398.87
02/20/2024	8522	SOUTHERN CALIFORNIA EDISON	Electric Services 01/09/24-02/07/24	2,411.76
02/20/2024	8523	SPECTRUM BUSINESS	Office Internet 02/08/24-03/07/24	521.92
02/20/2024	8524	STEVEN ANDREWS ENGINEERING	Engineering Services 01/01/24-01/31/24	1,725.00
02/20/2024	8525	TEKDRAULICS	Barrett Reservoir Pump Station	3,045.00
02/20/2024	8526	UMPQUA BANK	Credit Card Activity 01/1/24-01/31/24	10,018.05
02/20/2024	8527	UNITED SITE SERVICES OF CALIFORNI...	Waste Holding Tank - 02/06/24-03/04/24	540.16
02/20/2024	8528	WEST YOST & ASSOCIATES, INC	Professional Services 12/09/23-01/05/24	6,972.85
02/20/2024	8529	XEROX CORPORATION	Copier - Monthly Maintenance 12/21/23-01/21/24	127.63
02/20/2024	8530	JOHN'S SALT SERVICE INC.	Generator Maintenance	2,165.12
<b>TOTAL</b>				<b>95,564.86</b>

## East Orange County Water District Bills For Consideration

As of February 28, 2024

Date	Num	Name	Memo	Credit
02/28/2024	8531	ALS GROUP USA, CORP	Laboratory Analysis (water quality) February 2024	369.50
02/28/2024	8532	CALIFORNIA CONCRETE READY MIX, I...	District Headquarters	1,145.00
02/28/2024	8533	CHAMPION PAVING INC.	Vista Panorma - Grading & Paving	16,440.00
02/28/2024	8534	CINTAS CORPORATION NO. 3	Uniforms - February 2024	156.81
02/28/2024	8535	DITCH WITCH WEST	Equipment Maintenance	2,424.90
02/28/2024	8536	DOTY BROS EQUIPMENT CO.	Hyrdant and Water Service Installation for Admin Building	36,434.45
02/28/2024	8537	FOOTHILL SENTRY, INC	Display Color Ad February 2024	525.17
02/28/2024	8538	GENERATOR SERVICES CO, INC	Rental Generator -01/01/24-01/31/24	2,699.52
02/28/2024	8539	HAAKER EQUIPMENT COMPANY	Vehicle Maintenance	6,529.00
02/28/2024	8540	HACH COMPANY	Water Quality	1,893.32
02/28/2024	8541	HILL BROTHERS CHEMICAL CO	Water Quality	1,740.00
02/28/2024	8542	MAIN GRAPHICS	Bi-Monthly Water Bill Mailing	1,494.59
02/28/2024	8543	MATRIX COMPUTER SERVICE	IT Support 01/20/24-02/16/24	5,035.00
02/28/2024	8544	MOBILE MODULAR	Mobile Modular - Rental 02/24/24-03/24/24	1,632.41
02/28/2024	8545	MONRO, INC.	Vehicle Maintenance	730.15
02/28/2024	8546	MORROW MEADOWS CORP	Main Lines Maintenance	457.05
02/28/2024	8547	O'REILLY AUTO ENTERPRISES, LLC	Vehicle Maintenance	22.52
02/28/2024	8548	Oldcastle Infrastructure, Inc.	District Headquarters	13,963.00
02/28/2024	8549	PSI WATER TECHNOLOGIES, INC	Water Quality	1,913.49
02/28/2024	8550	PTI SAND & GRAVEL	Reservoir Maintenance	1,330.45
02/28/2024	8551	SOUTHERN CALIFORNIA EDISON	Electric Services-Vista Panorama 01/23/24-02/22/24	204.10
02/28/2024	8552	STANDARD INSURANCE COMPANY	Life Insurance Premium 02/01/24-02/29/24	845.60
02/28/2024	8553	TRENCH SHORING COMPANY	Hyrdant and Water Service Installation for Admin Building	1,583.25
02/28/2024	8554	UNITED SITE SERVICES OF CALIFORNI...	Waste Holding Tank - 02/15/24-03/13/24	342.20
02/28/2024	8555	WATERLINE TECHNOLOGIES INC.	Water Quality	1,366.40
02/28/2024	8556	SC FUELS	Fuel	4,352.37
<b>TOTAL</b>				<b>105,630.25</b>

EAST ORANGE COUNTY WATER DISTRICT  
 CITIZENS BUSINESS BANK  
 Prior Month's Checks To Ratify  
 DIRECTORS' PAYROLL\*  
 8-Mar-24

**PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTHS OF JANUARY & FEB 2024**

DATE	CHECK NO	AMOUNT	PAYABLE TO
1/25/2024	433	\$ 159.68	BOARD DIRECTOR
1/25/2024	434	\$ 159.68	BOARD DIRECTOR
1/25/2024	435	\$ 323.22	BOARD DIRECTOR
1/25/2024	436	\$ 159.68	BOARD DIRECTOR
		\$ 802.26	TOTAL PAYROLL CHECKS
		\$151.78	ADP TAXES
		<b>\$954.04</b>	<b>GRAND TOTAL PAYROLL</b>

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

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



EAST ORANGE COUNTY WATER DISTRICT  
 CITIZENS BUSINESS BANK  
 Prior Month's Checks To Ratify  
 EMPLOYEES' PAYROLL\*  
 Month of January 2024

CHECK DATE	CHECK AMOUNT	PAYABLE TO		
AUTO DEPOSIT	1/10/2024	\$ 8,005.36	GENERAL MANAGER	Youngblood
AUTO DEPOSIT	1/10/2024	\$ 5,923.22	ENGINEERING MANAGER	Smyth
AUTO DEPOSIT	1/10/2024	\$ 5,307.05	OPERATIONS MANAGER	Mendzer
AUTO DEPOSIT	1/10/2024	\$ 3,631.91	GIS MANAGER	Gallegos
AUTO DEPOSIT	1/10/2024	\$ 4,665.64	WASTEWATER SUPERVISOR	Davis
AUTO DEPOSIT	1/10/2024	\$ 3,306.58	WATER DISTRIBUTION OPERATOR III	Plummer
AUTO DEPOSIT	1/10/2024	\$ 3,521.19	WATER DISTRIBUTION OPERATOR I	Thorsell
AUTO DEPOSIT	1/10/2024	\$ 3,096.99	WASTEWATER COLLECTION OPERATOR II	Abeyta
AUTO DEPOSIT	1/10/2024	\$ 2,228.63	WASTEWATER COLLECTION OPERATOR II	Mondragon
AUTO DEPOSIT	1/10/2024	\$ 2,359.81	WASTEWATER COLLECTIONS OPERATOR II	Sanchez
AUTO DEPOSIT	1/10/2024	\$ 276.85	WASTEWATER COLLECTION OPERATOR I	Mercado
AUTO DEPOSIT	1/10/2024	\$ 3,033.27	OFFICE MANAGER	Prado
AUTO DEPOSIT	1/10/2024	\$ 2,151.71	MANAGEMENT ANALYST	Krantz
AUTO DEPOSIT	1/10/2024	\$ 2,382.40	ADMINISTRATIVE ASSISTANT I	de la O Solis
AUTO DEPOSIT	1/10/2024	\$ 1,710.29	PART TIME ADMINISTRATIVE ASSISTANT	Anoba
		<u>\$ 51,600.90</u>	SUB TOTAL	

AUTO DEPOSIT	1/24/2024	\$ 7,205.36	GENERAL MANAGER	Youngblood
AUTO DEPOSIT	1/24/2024	\$ 5,923.20	ENGINEERING MANAGER	Smyth
AUTO DEPOSIT	1/24/2024	\$ 5,825.75	OPERATIONS MANAGER	Mendzer
AUTO DEPOSIT	1/24/2024	\$ 3,631.91	GIS MANAGER	Gallegos
AUTO DEPOSIT	1/24/2024	\$ 4,877.82	WASTEWATER SUPERVISOR	Davis
AUTO DEPOSIT	1/24/2024	\$ 2,824.49	WATER DISTRIBUTION OPERATOR III	Plummer
AUTO DEPOSIT	1/24/2024	\$ 2,402.24	WATER DISTRIBUTION OPERATOR I	Thorsell
AUTO DEPOSIT	1/24/2024	\$ 2,897.31	WASTEWATER COLLECTION OPERATOR II	Abeyta
AUTO DEPOSIT	1/24/2024	\$ 2,228.61	WASTEWATER COLLECTION OPERATOR II	Mondragon
AUTO DEPOSIT	1/24/2024	\$ 2,359.82	WASTEWATER COLLECTIONS OPERATOR II	Sanchez
AUTO DEPOSIT	1/24/2024	\$ 2,026.90	WASTEWATER COLLECTION OPERATOR I	Mercado
AUTO DEPOSIT	1/24/2024	\$ 1,444.81	INTERN	Bonnell
AUTO DEPOSIT	1/24/2024	\$ 3,246.13	OFFICE MANAGER	Prado
AUTO DEPOSIT	1/24/2024	\$ 2,173.46	MANAGEMENT ANALYST	Krantz
AUTO DEPOSIT	1/24/2024	\$ 2,382.40	ADMINISTRATIVE ASSISTANT I	de la O Solis
AUTO DEPOSIT	1/24/2024	\$ 1,710.28	PART TIME ADMINISTRATIVE ASSISTANT	Anoba
		<u>\$ 53,160.49</u>	SUB TOTAL	

1/10/2024	\$ 28,744.07	ADP TAXES
1/10/2024	\$ 3,091.07	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
1/10/2024	\$ 4,459.98	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
1/10/2024	\$ 2,292.80	EMPLOYEE PERS PEPRA TRANSFER
1/10/2024	\$ 2,272.10	EMPLOYER PERS PEPRA MEMBER TRANSFER
1/10/2024	\$ 2,408.16	CAL PERS 457 - ING BANK
	<u>\$43,268.18</u>	TOTAL TRANSFERS

1/24/2024	\$ 28,099.11	ADP TAXES
1/24/2024	\$ 3,106.84	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
1/24/2024	\$ 4,482.73	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
1/24/2024	\$ 2,454.94	EMPLOYEE PERS PEPRA TRANSFER
1/24/2024	\$ 2,432.77	EMPLOYER PERS PEPRA MEMBER TRANSFER
1/24/2024	\$ 2,273.72	CAL PERS 457 - ING BANK
	<u>\$42,850.11</u>	TOTAL TRANSFERS

**\$190,879.68 GRAND TOTAL PAYROLL**

PAYROLL	PAYROLL
1/10/2024	1/24/2024
\$51,600.90	\$53,160.49
\$43,268.18	\$42,850.11
<b><u>\$94,869.08</u></b>	<b><u>\$96,010.60</u></b>

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

EAST ORANGE COUNTY WATER DISTRICT  
 CITIZENS BUSINESS BANK  
 Prior Month's Checks To Ratify  
 EMPLOYEES' PAYROLL\*  
 Month of February 2024

CHECK DATE	CHECK AMOUNT	PAYABLE TO		
AUTO DEPOSIT	2/7/2024	\$ 8,146.04	GENERAL MANAGER	Youngblood
AUTO DEPOSIT	2/7/2024	\$ 6,066.16	ENGINEERING MANAGER	Smyth
AUTO DEPOSIT	2/7/2024	\$ 5,970.92	OPERATIONS MANAGER	Mendzer
AUTO DEPOSIT	2/7/2024	\$ 3,925.62	GIS MANAGER	Gallegos
AUTO DEPOSIT	2/7/2024	\$ 4,356.55	WASTEWATER SUPERVISOR	Davis
AUTO DEPOSIT	2/7/2024	\$ 2,184.04	WATER DISTRIBUTION OPERATOR III	Plummer
AUTO DEPOSIT	2/7/2024	\$ 3,274.98	WATER DISTRIBUTION OPERATOR I	Thorsell
AUTO DEPOSIT	2/7/2024	\$ 2,762.51	WASTEWATER COLLECTION OPERATOR II	Abeyta
AUTO DEPOSIT	2/7/2024	\$ 2,228.63	WASTEWATER COLLECTION OPERATOR II	Mondragon
AUTO DEPOSIT	2/7/2024	\$ 2,530.70	WASTEWATER COLLECTIONS OPERATOR II	Sanchez
AUTO DEPOSIT	2/7/2024	\$ 1,923.09	WASTEWATER COLLECTION OPERATOR I	Mercado
AUTO DEPOSIT	2/7/2024	\$ 1,426.82	INTERN	Bonnell
AUTO DEPOSIT	2/7/2024	\$ 2,609.96	OFFICE MANAGER	Prado
AUTO DEPOSIT	2/7/2024	\$ 2,151.71	MANAGEMENT ANALYST	Krantz
AUTO DEPOSIT	2/7/2024	\$ 2,442.20	ADMINISTRATIVE ASSISTANT I	de la O Solis
AUTO DEPOSIT	2/7/2024	\$ 1,690.29	PART TIME ADMINISTRATIVE ASSISTANT	Anoba
		<u>\$ 53,690.22</u>	SUB TOTAL	

AUTO DEPOSIT	2/21/2024	\$ 7,346.04	GENERAL MANAGER	Youngblood
AUTO DEPOSIT	2/21/2024	\$ 6,066.17	ENGINEERING MANAGER	Smyth
AUTO DEPOSIT	2/21/2024	\$ 5,450.14	OPERATIONS MANAGER	Mendzer
AUTO DEPOSIT	2/21/2024	\$ 3,891.62	GIS MANAGER	Gallegos
AUTO DEPOSIT	2/21/2024	\$ 5,193.34	WASTEWATER SUPERVISOR	Davis
AUTO DEPOSIT	2/21/2024	\$ 2,585.98	WATER DISTRIBUTION OPERATOR III	Plummer
AUTO DEPOSIT	2/21/2024	\$ 2,917.77	WATER DISTRIBUTION OPERATOR I	Thorsell
AUTO DEPOSIT	2/21/2024	\$ 2,361.57	WASTEWATER COLLECTION OPERATOR II	Abeyta
AUTO DEPOSIT	2/21/2024	\$ 1,221.95	WASTEWATER COLLECTION OPERATOR II	Mondragon
AUTO DEPOSIT	2/21/2024	\$ -	WASTEWATER COLLECTIONS OPERATOR II	Sanchez
AUTO DEPOSIT	2/21/2024	\$ 1,923.11	WASTEWATER COLLECTION OPERATOR I	Mercado
AUTO DEPOSIT	2/21/2024	\$ 1,426.82	INTERN	Bonnell
AUTO DEPOSIT	2/21/2024	\$ 3,217.16	OFFICE MANAGER	Prado
AUTO DEPOSIT	2/21/2024	\$ 2,151.72	MANAGEMENT ANALYST	Krantz
AUTO DEPOSIT	2/21/2024	\$ 2,422.26	ADMINISTRATIVE ASSISTANT I	de la O Solis
AUTO DEPOSIT	2/21/2024	\$ 1,690.28	PART TIME ADMINISTRATIVE ASSISTANT	Anoba
		<u>\$ 49,865.93</u>	SUB TOTAL	

2/7/2024	\$ 27,799.68	ADP TAXES
2/7/2024	\$ 3,091.07	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
2/7/2024	\$ 4,459.98	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
2/7/2024	\$ 2,471.73	EMPLOYEE PERS PEPRA TRANSFER
2/7/2024	\$ 2,449.41	EMPLOYER PERS PEPRA MEMBER TRANSFER
2/7/2024	\$ 2,805.96	CAL PERS 457 - ING BANK
	<u>\$43,077.83</u>	TOTAL TRANSFERS

PAYROLL	PAYROLL
2/7/2024	2/21/2024
\$53,690.22	\$49,865.93
\$43,077.83	\$40,915.22
<u>\$96,768.05</u>	<u>\$90,781.15</u>

2/21/2024	\$ 26,502.04	ADP TAXES
2/21/2024	\$ 3,101.86	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
2/21/2024	\$ 4,475.55	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
2/21/2024	\$ 2,060.60	EMPLOYEE PERS PEPRA TRANSFER
2/21/2024	\$ 2,041.97	EMPLOYER PERS PEPRA MEMBER TRANSFER
2/21/2024	\$ 2,733.20	CAL PERS 457 - ING BANK
	<u>\$40,915.22</u>	TOTAL TRANSFERS
	<u>\$187,549.20</u>	GRAND TOTAL PAYROLL

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

EAST ORANGE COUNTY WATER DISTRICT  
FUNDS TRANSFERRED BETWEEN ACCOUNTS  
8-Mar-24

<u>DATE</u>	<u>AMOUNT</u>	<u>FROM</u>	<u>TO</u>	<u>REASON FOR FUND TRANSFER</u>
2/28/2024	\$100,000.00	Citizens Business Bank Money Market Account	Citizens Business Bank Checking Account	Excess Funds



# MEMO

**TO: ADMINISTRATION & FINANCE COMMITTEE**  
**FROM: GENERAL MANAGER**  
**SUBJECT: ANNUAL AUDIT FOR FY 2022-23**  
**DATE MARCH 8, 2024**

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## Background

Attached to this memo is a copy of the final Audited Financial Statements for the period ending June 30, 2023. As noted in the audited financials, the District received a “clean opinion.”

Paul Kaymark of Nigro & Nigro oversaw the audit and will present the Committee with a summary of his findings.

For comparative purposes, the table below shows the position for each fund at the end of fiscal years 2023 and 2022.

Indicator	2023			2022		
	WZ	RZ	ID1	WZ	RZ	ID1
Net Position	\$15,927,792	\$14,852,067	\$52,430,509	\$15,432,205	\$13,716,950	\$51,734,650


Overall, that have not been large changes in net position even with significant capital expenditures during this period. This is primarily due to the use of debt financing with a low interest loan.

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

## Recommendation

The committee recommends that the Board receive and file the fiscal year 2022/2023 audited financial statement.

**Attachment(s):** Audit Presentation  
 FY 2022/2023 Audited Financial Statement



**EAST ORANGE COUNTY WATER DISTRICT**  
**Presentation to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2023**



**NIGRO & NIGRO<sup>PC</sup>**

**East Orange County Water District - Wholesale Fund**

**Dashboard – Audited Financial Statements**

**June 30, 2023 vs 2022**

<b>Revenues &amp; Expenses</b>	<b>2023</b>	<b>2022</b>	<b>Variance</b>
<b>Operating Revenues:</b>			
Water consumption sales	\$ 8,181,833	\$ 9,572,245	\$ (1,390,412)
Water service charges	1,081,216	994,548	86,668
Connection fees	80,578	20,548	60,030
<b>Non-Operating Revenues:</b>			
Property taxes	1,078,335	991,692	86,643
Rental and contract revenue	143,834	173,090	(29,256)
Investment earnings	244,140	(170,468)	414,608
Other non-operating revenues	10,585	(5,199)	15,784
<b>Capital Contributions</b>			
Contributed capital	250,390	389	250,001
<b>Total Revenues</b>	<b>11,070,911</b>	<b>11,576,845</b>	<b>(505,934)</b>
<b>Operating Expenses:</b>			
Source of supply	8,752,739	10,045,955	(1,293,216)
Transmission and distribution	275,535	345,733	(70,198)
Salaries and benefits	830,578	(242,524)	1,073,102
General and administrative	317,368	286,846	30,522
<b>Operating expenses before depr.</b>	<b>10,176,220</b>	<b>10,436,010</b>	<b>(259,790)</b>
Depreciation expense	399,104	410,967	(11,863)
<b>Total Operating Expenses</b>	<b>10,575,324</b>	<b>10,846,977</b>	<b>(271,653)</b>
<b>Non-Operating Expenses:</b>			
Interest expense	-	-	-
<b>Total Expenses</b>	<b>10,575,324</b>	<b>10,846,977</b>	<b>(271,653)</b>
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 495,587</b>	<b>\$ 729,868</b>	<b>\$ (234,281)</b>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	<b>\$ (2,821,084)</b>	<b>\$ (1,297,547)</b>	<b>\$ (1,523,537)</b>
<b>Depreciation Expense</b>	<b>399,104</b>	<b>410,967</b>	<b>(11,863)</b>
<b>Change in Capital Expense</b>	<b>\$ (2,421,980)</b>	<b>\$ (886,580)</b>	<b>\$ (1,535,400)</b>
<b>Cash &amp; Investments</b>	<b>\$ 8,166,225</b>	<b>\$ 8,530,155</b>	<b>\$ (363,930)</b>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 495,587</b>		
<b>Change in Capital Expense</b>	<b>(2,421,980)</b>	Use of cash	
<b>Change in Accounts Receivable</b>	<b>2,030,006</b>	Change to Cash	
<b>Change in Accounts Payable</b>	<b>(896,246)</b>	Change to Cash	
<b>Change in Pension Expense</b>	<b>517,938</b>	Non-Cash	
<b>Change in Cash &amp; Investments</b>	<b>\$ (274,695)</b>	<b>Approximately</b>	<b>\$ 89,235</b>
<b>Investment Earnings to Portfolio</b>	<b>2.92%</b>		

**East Orange County Water District - Retail Fund**

**Dashboard – Audited Financial Statements**

**June 30, 2023 vs 2022**

<b>Revenues &amp; Expenses</b>	<b>2023</b>	<b>2022</b>	<b>Variance</b>
<b>Operating Revenues:</b>			
Water consumption sales	\$ 1,355,937	\$ 1,644,013	\$ (288,076)
Water service charges	1,066,144	1,075,075	(8,931)
Connection and other fees	43,833	21,686	22,147
<b>Non-Operating Revenues:</b>			
Property taxes	557,457	511,960	45,497
Investment earnings	52,254	26,757	25,497
Other non-operating revenues	49,403	232,063	(182,660)
<b>Capital Contributions</b>			
Contributed capital	1,085,021	35,153	1,049,868
<b>Total Revenues</b>	<b>4,210,049</b>	<b>3,546,707</b>	<b>663,342</b>
<b>Operating Expenses:</b>			
Source of supply	957,811	1,096,704	(138,893)
Pumping	23,447	25,447	(2,000)
Transmission and distribution	258,808	120,348	138,460
Salaries and benefits	1,024,355	(58,757)	1,083,112
General and administrative	416,020	316,340	99,680
<b>Operating expenses before depr.</b>	<b>2,680,441</b>	<b>1,500,082</b>	<b>1,180,359</b>
Depreciation expense	307,809	241,927	65,882
<b>Total Operating Expenses</b>	<b>2,988,250</b>	<b>1,742,009</b>	<b>1,246,241</b>
<b>Non-Operating Expenses:</b>			
Interest expense	86,682	90,557	(3,875)
<b>Total Expenses</b>	<b>3,074,932</b>	<b>1,832,566</b>	<b>1,242,366</b>
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 1,135,117</b>	<b>\$ 1,714,141</b>	<b>\$ (579,024)</b>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	<b>\$ (4,393,682)</b>	<b>\$ (1,297,547)</b>	<b>\$ (3,096,135)</b>
<b>Depreciation Expense</b>	<b>307,809</b>	<b>241,927</b>	<b>65,882</b>
<b>Change in Capital Expense</b>	<b>\$ (4,085,873)</b>	<b>\$ (1,055,620)</b>	<b>\$ (3,030,253)</b>
<b>Debt Service:</b>			
<b>Principal Paid</b>	<b>\$ (172,000)</b>	<b>\$ (168,200)</b>	<b>\$ (3,800)</b>
<b>Cash &amp; Investments</b>	<b>\$ 6,539,180</b>	<b>\$ 8,696,686</b>	<b>\$ (2,157,506)</b>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 1,135,117</b>		
<b>Change in Capital Expense</b>	<b>(4,085,873)</b>	Use of cash	
<b>Debt Service – Principal Payments</b>	<b>(172,000)</b>	Use of cash	
<b>Change in Accounts Receivable</b>	<b>314,699</b>	Change to Cash	
<b>Change in Accounts Payable</b>	<b>233,661</b>	Change to Cash	
<b>Change in Pension Expense</b>	<b>517,938</b>	Non-Cash	
<b>Change in Cash &amp; Investments</b>	<b>\$ (2,056,458)</b>	<b>Approximately</b>	<b>\$ 101,048</b>
<b>Investment Earnings to Portfolio</b>	<b>0.69%</b>		

**East Orange County Water District - Sewer Fund**

**Dashboard – Audited Financial Statements**

**June 30, 2023 vs 2022**

<b>Revenues &amp; Expenses</b>	<b>2023</b>	<b>2022</b>	<b>Variance</b>
<b>Operating Revenues:</b>			
Sewer service charges	\$ 3,079,234	\$ 3,093,772	\$ (14,538)
Other revenues	54,948	42,782	12,166
<b>Non-Operating Revenues:</b>			
Property taxes	438,923	401,635	37,288
Investment earnings	244,254	(1,649,374)	1,893,628
Other non-operating revenues	11,486	(113,495)	124,981
<b>Capital Contributions</b>			
Contributed capital	88,033	46,452	41,581
<b>Total Revenues</b>	<b>3,916,878</b>	<b>1,821,772</b>	<b>2,095,106</b>
<b>Operating Expenses:</b>			
Sewer operations	203,152	201,442	1,710
Salaries and benefits	1,582,152	1,362,425	219,727
General and administrative	505,284	369,176	136,108
<b>Operating expenses before depr.</b>	<b>2,290,588</b>	<b>1,933,043</b>	<b>357,545</b>
Depreciation expense	583,704	414,154	169,550
<b>Total Operating Expenses</b>	<b>2,874,292</b>	<b>2,347,197</b>	<b>527,095</b>
<b>Non-Operating Expenses:</b>			
Interest expense	346,727	362,229	(15,502)
<b>Total Expenses</b>	<b>3,221,019</b>	<b>2,709,426</b>	<b>511,593</b>
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 695,859</b>	<b>\$ (887,654)</b>	<b>\$ 1,583,513</b>
<b>Capital Outlay:</b>			
<b>Capital Asset Additions</b>	<b>\$ (7,866,809)</b>	<b>\$ (6,454,632)</b>	<b>\$ (1,412,177)</b>
<b>Depreciation Expense</b>	<b>583,704</b>	<b>414,154</b>	<b>169,550</b>
<b>Change in Capital Expense</b>	<b>\$ (7,283,105)</b>	<b>\$ (6,040,478)</b>	<b>\$ (1,242,627)</b>
<b>Debt Service:</b>			
<b>Principal Paid</b>	<b>\$ (688,000)</b>	<b>\$ (672,800)</b>	<b>\$ (15,200)</b>
<b>Cash &amp; Investments</b>	<b>\$ 47,793,864</b>	<b>\$ 55,184,198</b>	<b>\$ (7,390,334)</b>
<b>Quick Summary:</b>			
<b>Change in Revenues &amp; Expenses</b>	<b>\$ 695,859</b>		
<b>Change in Capital Expense</b>	<b>(7,283,105)</b>	Use of cash	
<b>Debt Service – Principal Payments</b>	<b>(688,000)</b>	Use of cash	
<b>Change in Accounts Payable</b>	<b>(74,254)</b>	Change to Cash	
<b>Change in Pension Expense</b>	<b>60,057</b>	Non-Cash	
<b>Change in Cash &amp; Investments</b>	<b>\$ (7,289,443)</b>	<b>Approximately</b>	<b>\$ 100,891</b>
<b>Investment Earnings to Portfolio</b>	<b>0.47%</b>		



**EAST ORANGE COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Years Ended  
June 30, 2023  
(With Comparative Amounts as of June 30, 2022)**

**NIGRO & NIGRO<sup>PC</sup>**

**EAST ORANGE COUNTY WATER DISTRICT**  
*For the Fiscal Year Ended June 30, 2023*  
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## *Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
East Orange County Water District  
Orange, California

### Opinion

We have audited the accompanying financial statements of the East Orange County Water District (District), which comprise the balance sheet as of June 30, 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and Schedule of the District's Contributions to the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Balance Sheets – Combined – Internal Funds and Schedule of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have 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 separate report dated March 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California  
March 28, 2024

## **EAST ORANGE COUNTY WATER DISTRICT**

### *Management's Discussion and Analysis (Unaudited)*

*For the Years Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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Management's Discussion and Analysis (MD&A) offers readers of East Orange County Water District's (District's) financial statements a narrative overview of the District's financial activities for the year ended June 30, 2023 and 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2023, the District's net position increased 2.88%, or \$2,326,563 from the prior year's net position of \$80,883,805 to \$83,210,368, as a result of the year's operations.
- In fiscal year 2023, operating revenues decreased by 9.03%, or \$1,387,992 from \$15,376,016 to \$13,988,024, from the prior year, primarily due to decreases in both wholesale and retail water consumption sales.
- In fiscal year 2023, operating expenses before depreciation expense increased by 11.04% or \$1,411,068 from \$12,780,482 to \$14,191,550, from the prior year, primarily due to increases in the non-cash expense related to the annual revaluation of the District's net pension liability.

### **REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

## EAST ORANGE COUNTY WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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### FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

### Condensed Balance Sheets

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 38,580,928	\$ 34,912,127	\$ 3,668,801
Non-current assets	26,637,532	43,205,159	(16,567,627)
Capital assets, net	<u>39,462,108</u>	<u>25,671,150</u>	<u>13,790,958</u>
<b>Total assets</b>	<u>104,680,568</u>	<u>103,788,436</u>	<u>892,132</u>
<b>Deferred outflows of resources</b>	<u>864,918</u>	<u>1,106,477</u>	<u>(241,559)</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 105,545,486</u>	<u>\$ 104,894,913</u>	<u>\$ 650,573</u>
<b>Liabilities:</b>			
Current liabilities	\$ 4,324,017	\$ 5,026,020	\$ (702,003)
Non-current liabilities	<u>17,383,294</u>	<u>18,112,581</u>	<u>(729,287)</u>
<b>Total liabilities</b>	<u>21,707,311</u>	<u>23,138,601</u>	<u>(1,431,290)</u>
<b>Deferred inflows of resources</b>	<u>627,807</u>	<u>872,507</u>	<u>(244,700)</u>
<b>Net position:</b>			
Net investment in capital assets	25,959,367	18,990,434	6,968,933
Restricted	21,789,119	29,862,783	(8,073,664)
Unrestricted	<u>35,461,882</u>	<u>32,030,588</u>	<u>3,431,294</u>
<b>Total net position</b>	<u>83,210,368</u>	<u>80,883,805</u>	<u>2,326,563</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 105,545,486</u>	<u>\$ 104,894,913</u>	<u>\$ 650,573</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$83,210,368 and \$80,883,805 as of June 30, 2023 and June 30, 2022, respectively.



## EAST ORANGE COUNTY WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Condensed Balance Sheets (continued)

A large portion of the District's net position (31% and 23% as of June 30, 2023 and 2022, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2023, the District showed a positive balance in its unrestricted net position of \$35,461,882 which may be utilized in future years.

#### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Operating revenues	\$ 13,988,024	\$ 15,376,016	\$ (1,387,992)
Operating expenses	<u>(14,191,550)</u>	<u>(12,780,482)</u>	<u>(1,411,068)</u>
<b>Operating income before depreciation</b>	(203,526)	2,595,534	(2,799,060)
Depreciation expense	<u>(1,290,617)</u>	<u>(1,067,048)</u>	<u>(223,569)</u>
<b>Operating income</b>	(1,494,143)	1,528,486	(3,022,629)
Non-operating revenues(expenses), net	<u>2,397,262</u>	<u>(54,125)</u>	<u>2,451,387</u>
Capital contributions	<u>1,423,444</u>	<u>81,994</u>	<u>1,341,450</u>
<b>Change in net position</b>	2,326,563	1,556,355	770,208
Net position:			
<b>Beginning of year</b>	<u>80,883,805</u>	<u>79,327,450</u>	<u>1,556,355</u>
<b>End of year</b>	<u>\$ 83,210,368</u>	<u>\$ 80,883,805</u>	<u>\$ 2,326,563</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In fiscal year 2023, the District's net position increased 2.88%, or \$2,326,563 from the prior year's net position of \$80,883,805 to \$83,210,368, as a result of the year's operations.

**EAST ORANGE COUNTY WATER DISTRICT***Management's Discussion and Analysis (Unaudited)**For the Years Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

The following table presents the detailed breakdown of the information presented in the condensed summary.

**Total Revenues**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>			
Water consumption sales – wholesale	\$ 7,301,637	\$ 8,558,584	\$ (1,256,947)
Water consumption sales – retail	1,355,937	1,644,013	(288,076)
Water service charges	2,071,857	1,994,631	77,226
Sewer service charges	3,079,234	3,093,772	(14,538)
Connection fees	113,742	33,405	80,337
Other operating revenues	<u>65,617</u>	<u>51,611</u>	<u>14,006</u>
<b>Total operating revenues</b>	<u>13,988,024</u>	<u>15,376,016</u>	<u>(1,387,992)</u>
<b>Non-operating revenues:</b>			
Property taxes	2,074,715	1,905,287	169,428
Investment earnings	540,648	(1,793,085)	2,333,733
Rental revenue – cellular antenna	143,834	173,090	(29,256)
Gain (loss) on sale of assets	32,550	(1,764)	34,314
Other non-operating revenues	<u>38,924</u>	<u>299,432</u>	<u>(260,508)</u>
<b>Total non-operating revenues</b>	<u>2,830,671</u>	<u>582,960</u>	<u>2,247,711</u>
Capital contributions	<u>1,423,444</u>	<u>81,994</u>	<u>1,341,450</u>
<b>Total revenues</b>	<u>\$ 18,242,139</u>	<u>\$ 16,040,970</u>	<u>\$ 2,201,169</u>

In fiscal year 2023, operating revenues decreased by 9.03%, or \$1,387,992 from \$15,376,016 to \$13,988,024, from the prior year, primarily due to decreases in both wholesale and retail water consumption sales.

**EAST ORANGE COUNTY WATER DISTRICT***Management's Discussion and Analysis (Unaudited)**For the Years Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)***FINANCIAL ANALYSIS OF THE DISTRICT (continued)****Total Expenses**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>			
Source of supply	\$ 8,754,851	\$ 10,054,006	\$ (1,299,155)
Pumping	23,447	25,447	(2,000)
Transmission and distribution	534,343	466,081	68,262
Sewer operations	203,152	201,442	1,710
Salaries and benefits	3,437,085	1,041,886	2,395,199
General and administrative	1,238,672	991,620	247,052
<b>Total operating expenses</b>	<u>14,191,550</u>	<u>12,780,482</u>	<u>1,411,068</u>
Depreciation expense	<u>1,290,617</u>	<u>1,067,048</u>	<u>223,569</u>
<b>Non-operating expenses:</b>			
Interest expense	433,409	452,786	(19,377)
Other non-operating expenses	-	184,299	(184,299)
<b>Total non-operating expenses</b>	<u>433,409</u>	<u>637,085</u>	<u>(203,676)</u>
<b>Total expenses</b>	<u>\$ 15,915,576</u>	<u>\$ 14,484,615</u>	<u>\$ 1,430,961</u>

In fiscal year 2023, operating expenses before depreciation expense increased by 11.04% or \$1,411,068 from \$12,780,482 to \$14,191,550, from the prior year, primarily due to increases in the non-cash expense related to the annual revaluation of the District's net pension liability.

**Capital Assets**

	<u>Balance June 30, 2023</u>	<u>Balance June 30, 2022</u>
<b>Capital assets:</b>		
Non-depreciable assets	\$ 25,808,590	\$ 12,240,716
Depreciable assets	29,697,123	28,532,842
Accumulated depreciation	<u>(16,043,605)</u>	<u>(15,102,408)</u>
<b>Total capital assets, net</b>	<u>\$ 39,462,108</u>	<u>\$ 25,671,150</u>

At June 30, 2023, the District's investment in capital assets amounted to \$39,462,108 (net of accumulated depreciation), respectively. Capital asset additions for 2023 amounted to \$15,081,575 for various projects and equipment. See Note 6 for further information.

**EAST ORANGE COUNTY WATER DISTRICT**

*Management’s Discussion and Analysis (Unaudited)*

*For the Years Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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**FINANCIAL ANALYSIS OF THE DISTRICT (continued)**

**Debt Administration**

The long-term debt of the District is summarized below:

<b>Long-term debt:</b>	<b>Balance</b>	<b>Balance</b>
	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
Loans payable	<u>\$ 18,052,000</u>	<u>\$ 18,912,000</u>

For the year ended June 30, 2023, long-term debt decreased by \$860,000 from regular principal payments. See Note 8 for further information.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION**

Management is unaware of any item that would affect the District’s current financial position.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District’s funding sources, customers, stakeholders and other interested parties with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District’s General Manager, at 185 North McPherson Road, Orange, California 92869, (714) 538-5815.

# EAST ORANGE COUNTY WATER DISTRICT

## Balance Sheets

June 30, 2023 (With Comparable Amounts as of June 30, 2022)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash and investments (Note 2)	\$ 36,331,945	\$ 30,486,217
Accrued interest receivable	96,050	32,178
Accounts receivable, net (Note 4)	1,767,409	4,121,634
Property tax receivable	64,437	53,420
Lease receivable (Note 5)	133,553	125,871
Inventory - water-in-storage	55,940	51,252
Prepaid expenses	131,594	41,555
<b>Total current assets</b>	<b>38,580,928</b>	<b>34,912,127</b>
<b>Non-current assets:</b>		
Restricted - cash and investments (Note 2 and 3)	26,167,324	41,924,822
Restricted - accrued interest receivable (Note 3)	171,054	169,245
Lease receivable - (Note 5)	299,154	432,707
Net pension asset (Note 9)	-	678,385
Capital assets - not being depreciated (Note 6)	25,808,590	12,240,716
Capital assets - being depreciated, net (Note 6)	13,653,518	13,430,434
<b>Total non-current assets</b>	<b>66,099,640</b>	<b>68,876,309</b>
<b>Total assets</b>	<b>104,680,568</b>	<b>103,788,436</b>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net pension liability (Note 9)	864,918	1,106,477
<b>Total deferred outflows of resources</b>	<b>864,918</b>	<b>1,106,477</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 105,545,486</b>	<b>\$ 104,894,913</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 3,089,582	\$ 3,829,129
Due to other governments	-	7,824
Deposits and unearned revenues	252,839	234,021
Accrued interest payable	32,898	34,465
Long-term liabilities - due within one year:		
Compensated absences (Note 7)	68,698	60,581
Loans payable (Note 8)	880,000	860,000
<b>Total current liabilities</b>	<b>4,324,017</b>	<b>5,026,020</b>
<b>Non-current liabilities:</b>		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 7)	68,697	60,581
Loans payable (Note 8)	17,172,000	18,052,000
Net pension liability (Note 9)	142,597	-
<b>Total non-current liabilities</b>	<b>17,383,294</b>	<b>18,112,581</b>
<b>Total liabilities</b>	<b>21,707,311</b>	<b>23,138,601</b>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to leases (Note 5)	408,898	542,686
Deferred amounts related to net pension liability (Note 9)	218,909	329,821
<b>Total deferred inflows of resources</b>	<b>627,807</b>	<b>872,507</b>
<b>Net position:</b>		
Net investment in capital assets (Note 10)	25,959,367	18,990,434
Restricted (Note 3)	21,789,119	29,862,783
Unrestricted	35,461,882	32,030,588
<b>Total net position</b>	<b>83,210,368</b>	<b>80,883,805</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 105,545,486</b>	<b>\$ 104,894,913</b>

**EAST ORANGE COUNTY WATER DISTRICT***Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Operating revenues:</b>		
Water consumption sales - wholesale	\$ 7,301,637	\$ 8,558,584
Water consumption sales - retail	1,355,937	1,644,013
Water service charges	2,071,857	1,994,631
Sewer service charges	3,079,234	3,093,772
Connection fees	113,742	33,405
Other operating revenues	65,617	51,611
<b>Total operating revenues</b>	<u>13,988,024</u>	<u>15,376,016</u>
<b>Operating expenses:</b>		
Source of supply	8,754,851	10,054,006
Pumping	23,447	25,447
Transmission and distribution	534,343	466,081
Sewer operations	203,152	201,442
Salaries and benefits	3,437,085	1,041,886
General and administrative	1,238,672	991,620
<b>Total operating expenses</b>	<u>14,191,550</u>	<u>12,780,482</u>
<b>Operating loss before depreciation</b>	(203,526)	2,595,534
Depreciation expense	(1,290,617)	(1,067,048)
<b>Operating loss</b>	<u>(1,494,143)</u>	<u>1,528,486</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	2,074,715	1,905,287
Investment earnings	540,648	(1,793,085)
Rental revenue - cellular antenna	143,834	173,090
Interest expense	(433,409)	(452,786)
Gain (loss) on sale of assets	32,550	(1,764)
Other non-operating revenues	38,924	299,432
Other non-operating Expenses	-	(184,299)
<b>Total non-operating revenues(expenses), net</b>	<u>2,397,262</u>	<u>(54,125)</u>
<b>Change in net position before capital contributions</b>	<u>903,119</u>	<u>1,474,361</u>
<b>Capital contributions:</b>		
Capital grants	1,085,021	-
Contributed capital - developers	250,390	35,541
Capacity charges	88,033	46,453
<b>Total capital contributions</b>	<u>1,423,444</u>	<u>81,994</u>
<b>Change in net position</b>	<u>2,326,563</u>	<u>1,556,355</u>
<b>Net position:</b>		
Beginning of year	<u>80,883,805</u>	<u>79,327,450</u>
End of year	<u>\$ 83,210,368</u>	<u>\$ 80,883,805</u>

**EAST ORANGE COUNTY WATER DISTRICT***Statements of Cash Flows**For the Fiscal Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 16,650,878	\$ 13,953,633
Cash paid to employees for salaries and wages	(1,725,868)	(1,836,009)
Cash paid to vendors and suppliers for materials and services	<u>(12,454,888)</u>	<u>(9,653,469)</u>
<b>Net cash provided by operating activities</b>	<u>2,470,122</u>	<u>2,464,155</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	<u>2,113,639</u>	<u>1,903,657</u>
<b>Net cash provided by non-capital financing activities</b>	<u>2,113,639</u>	<u>1,903,657</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(15,081,575)	(9,213,780)
Proceeds from the sale of capital assets	32,550	4,280
Capital grants	1,085,021	-
Capital contributions	88,033	81,994
Principal paid on long-term debt	(860,000)	(841,000)
Interest paid on long-term debt	<u>(434,976)</u>	<u>(452,786)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(15,170,947)</u>	<u>(10,421,292)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments, net	10,709,735	(2,149,705)
Investment earnings	<u>474,967</u>	<u>517,422</u>
<b>Net cash provided by (used in) investing activities</b>	<u>11,184,702</u>	<u>(1,632,283)</u>
<b>Net increase(decrease) in cash and cash equivalents</b>	597,516	(7,685,763)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>12,891,843</u>	<u>20,577,606</u>
End of year	<u>\$ 13,489,359</u>	<u>\$ 12,891,843</u>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and investments	\$ 62,499,269	\$ 72,411,039
Less: Long-term investments	<u>(49,009,910)</u>	<u>(59,519,196)</u>
<b>Total cash and cash equivalents</b>	<u>\$ 13,489,359</u>	<u>\$ 12,891,843</u>

**EAST ORANGE COUNTY WATER DISTRICT***Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of operating income(loss) to net cash provided by operating activities:</b>		
Operating income(loss)	\$ (1,494,143)	\$ 1,528,486
<b>Adjustments to reconcile operating income(loss) to net cash provided by operating activities:</b>		
Depreciation	1,290,617	1,067,048
Rental revenue	143,834	173,090
Other non-operating revenues	38,924	299,432
Other non-operating expenses	-	(184,299)
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable, net	2,354,225	(1,357,307)
Lease receivable	125,871	(558,578)
Other receivables	-	20,980
Inventory - water-in-storage	(4,688)	(4,475)
Prepaid expenses	(90,039)	29,166
<b>Change in deferred outflows of resources - (increase)decrease</b>		
Deferred amounts related to net pension liability	241,559	(302,701)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	(747,371)	2,094,006
Deposits and unearned revenues	18,818	6,556
Compensated absences	16,233	23,118
Net pension liability	820,982	(947,718)
<b>Change in deferred inflows of resources - increase(decrease)</b>		
Deferred amounts related to leases	(133,788)	542,686
Deferred amounts related to net pension liability	(110,912)	34,665
<b>Total adjustments</b>	<u>3,964,265</u>	<u>935,669</u>
<b>Net cash provided by operating activities</b>	<u>\$ 2,470,122</u>	<u>\$ 2,464,155</u>
<b>Noncash investing, capital and financing transactions</b>		
Change in fair-value of investments	<u>\$ (533,906)</u>	<u>\$ (2,385,828)</u>



**EAST ORANGE COUNTY WATER DISTRICT**  
*Statement of Net Position – Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2023*

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<u>Assets</u>	<u>Custodial Fund</u>
<b>Current assets:</b>	
Cash and investments (Note 2)	\$ 29,659
Due from property owners	<u>798</u>
<b>Total assets</b>	<u>\$ 30,457</u>
 <b><u>Liabilities and Net Position</u></b>	
<b>Current liabilities:</b>	
Accounts payable	<u>\$ -</u>
<b>Total liabilities</b>	<u>-</u>
<b>Net position:</b>	
<b>Total net position</b>	<u>30,457</u>
<b>Total liabilities and net position</b>	<u>\$ 30,457</u>

**EAST ORANGE COUNTY WATER DISTRICT**  
*Statement of Changes in Net Position – Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2023*

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	<u>Custodial Fund</u>
<b>Additions:</b>	
Parcel assessments	\$ 51,708
<b>Total revenues</b>	<u>51,708</u>
<b>Deductions:</b>	
Administration	12,458
Interest expense	<u>40,056</u>
<b>Total expenses</b>	<u>52,514</u>
<b>Change in net position</b>	<u>(806)</u>
<b>Net position:</b>	
Beginning of year	<u>31,263</u>
End of year	<u>\$ 30,457</u>

# EAST ORANGE COUNTY WATER DISTRICT

## *Notes to Financial Statements*

*For the Year Ended June 30, 2023*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Organization**

The East Orange County Water District (District) was organized in 1961, under provisions of the County Water District Act (Sections 30000 et. seq. of the Water Code of the State of California). The District is governed by a Board of Directors, which consists of five directors, each of whom is elected at-large for a four-year term by the citizens living within the District's service area. The District was formed in order to furnish imported potable water to an area encompassing the eastern half of the City of Orange. The District provides wholesale potable water to five sub-agencies in the region through its pipeline transmission and distribution system. The five sub-agencies consist of the East Orange County Water District Retail Zone, Golden State Water Company, City of Tustin, Irvine Ranch Water District, and the City of Orange. The District provides potable water service through the East Orange County Water District Retail Zone to 1,211 customers within its service area.

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

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

#### **B. Basis of Presentation, Basis of Accounting**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023

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

##### B. Basis of Presentation, Basis of Accounting (continued)

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

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District reports a Custodial Fund that is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the District is not obligated.

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

###### 1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

###### 2. Investments

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

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

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

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

# EAST ORANGE COUNTY WATER DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2023

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

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

##### 2. Investments (continued)

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

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

##### 3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

##### 4. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

##### 5. Water in Storage

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

##### 6. Prepaids

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

##### 7. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

# EAST ORANGE COUNTY WATER DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2023

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

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

##### 8. Capital Assets

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

<u>Description</u>	<u>Estimated Lives</u>
Transmission and distribution system	5-100 years
Wastewater system	10-100 years
Structures and improvements	3-50 years
Equipment	5-50 years

##### 9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

##### 10. Compensated Absences

The District's policy allows full-time employees to accumulate a maximum of 160 hours of vacation time. No compensation in lieu of time off is allowed except for termination or disability. Employees may accumulate up to 120 hours of sick time. As of December 31, each year, one-half of the excess over 120 hours may be credited to additional vacation or may be paid to the employee. The remaining one-half is forfeited. The District has allocated the liability for accrued vacation and sick pay in the accompanying financial statements as 50% current liability and 50% non-current liability.

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023

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

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

###### 11. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systemically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows as deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining lives of all members that are provided the benefits (active, inactive and retirees) as of the beginning of the measurement period.

###### 12. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

## **EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023*

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

#### **D. Use of Estimates**

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

#### **E. Property Taxes**

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date January 1

Levy date July 1

Due dates November 1 and February 1

Collection dates December 10 and April 10



## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023

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#### NOTE 2 – CASH AND INVESTMENTS

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

<u>Description</u>	<u>June 30, 2023</u>
Cash and investments	\$ 36,331,945
Restricted – cash and investments	26,167,324
Cash and cash equivalents – fiduciary fund	<u>29,659</u>
<b>Total cash and cash equivalents</b>	<b><u><u>\$ 62,528,928</u></u></b>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Cash on hand	\$ 250
Demand deposits held with financial institutions	580,371
Local Agency Investment Fund (LAIF)	7,862,699
California CLASS	5,075,698
Investments	<u>49,009,910</u>
<b>Total cash and cash equivalents</b>	<b><u><u>\$ 62,528,928</u></u></b>

#### Demand Deposits with Financial Institutions

At June 30, 2023, the carrying amount of the District's demand deposits was \$580,371, and the financial institution's balances was \$2,164,684. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

#### Custodial Credit Risk

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

## **EAST ORANGE COUNTY WATER DISTRICT**

### *Notes to Financial Statements*

*For the Year Ended June 30, 2023*

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#### **NOTE 2 – CASH AND INVESTMENTS (continued)**

##### **Local Agency Investment Fund (LAIF)**

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

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held \$7,862,699 in LAIF.

##### **California Cooperative Liquid Assets Securities System (California CLASS)**

The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAM (S&P Global Ratings) and AAAsf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held \$5,075,698 in California CLASS.

##### **Concentration of Credit Risk**

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. The District had approximately 66% and 15% of its investment portfolio invested in U.S. Treasury Obligations and U.S. Government Sponsored agency securities, respectively.

# EAST ORANGE COUNTY WATER DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2023

### NOTE 2 – CASH AND INVESTMENTS (continued)

#### Investments

The District’s investments as of June 30, 2023, are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	N/A	\$ 32,287,152	\$ 7,103,261	\$ 9,588,108	\$ 15,595,783
U.S. government sponsored agency securities	Level 2	A to AAA	7,432,717	1,345,201	2,348,986	3,738,530
Medium-term corporate notes	Level 2	A to AAA	1,351,832	-	330,120	1,021,712
Negotiable certificates-of-deposit	Level 2	AAA	2,563,994	109,513	526,313	1,928,168
Money-market mutual funds	N/A	N/A	5,233,401	5,233,401	-	-
Held by PARS trustee:						
Money-market mutual funds	N/A	N/A	140,814	140,814	-	-
<b>Total investments</b>			<b>\$ 49,009,910</b>	<b>\$ 13,932,190</b>	<b>\$ 12,793,527</b>	<b>\$ 22,284,193</b>

#### Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments the investment of funds within the PARS Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Credit Rating
U.S. Treasury Obligations	5-years	None	None	N/A
U.S. Government Sponsored Agency Securities	5-years	None	50%	None
Asset-Backed Securities	5-years	15%	5%	AAA
Banker’s Acceptances	180 days	40%	5%	A-1
Collateralized Certificates-of-Deposit	5-years	30%	5%	\$250k deposit
Commercial Paper	270 days	25%	5%	AA above
Medium- Term Notes	5-years	30%	5%	A, A2
Money-Market Funds	None	20%	5%	AAAm, Aaa
MortgageBacked Securities	5-years	15%	5%	AAA, Aaa
Municipal Securities	5-years	20%	None	A, A2
California Local Agency Investment Fund (LAIF)	None	15%	15%	None
California CLASS	None	15%	15%	None

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023

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#### NOTE 2 – CASH AND 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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2023.

##### 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 in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2023. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

##### Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

#### NOTE 3 – RESTRICTED – ASSETS AND RESTRICTED – NET POSITION

Restricted assets as of June 30, were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2023</u>
Restricted – cash and cash equivalents	\$ 26,167,324
Restricted – accrued interest receivable	171,054
<b>Total restricted assets</b>	<b><u>\$ 26,338,378</u></b>

Restricted assets for the year ended June 30, were restricted as follows:

<u>Description</u>	<u>June 30, 2023</u>
Capital projects	\$ 21,648,305
Unspent proceeds from loan issuance	4,549,259
PARS trust	140,814
<b>Total restricted assets</b>	<b>26,338,378</b>
Less: Unspent proceeds from loan issuance	<u>(4,549,259)</u>
<b>Total restricted – net position</b>	<b><u>\$ 21,789,119</u></b>

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023

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#### NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of allowance for doubtful accounts consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 1,796,203
Allowance for doubtful accounts	<u>(28,794)</u>
<b>Total accounts receivable, net</b>	<b><u>\$ 1,767,409</u></b>

#### NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended June 30, 2023 was as follows:

<u>Description</u>	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>
Cellular antenna site rental No. 1	\$ 211,759	\$ -	\$ (66,322)	\$ 145,437
Cellular antenna site rental No. 2	346,819	-	(59,549)	<u>287,270</u>
	<u>\$ 558,578</u>	<u>\$ -</u>	<u>\$ (125,871)</u>	<u>\$ 432,707</u>

The District is reporting a total lease receivable of \$432,707 and a total related deferred inflows of resources of \$408,898 for the year ending June 30, 2023. Also, the District is reporting total lease revenue of \$143,834 and interest revenue of \$13,130 related to lease payments received for the years ending June 30, 2023.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.40% - 3.0% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District's lease is summarized as follows:

##### **Cellular Antenna Site Rental No. 1**

The District, on July 1, 2021, renewed a continuous lease for 48 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$274,167. As of June 30, 2023, the value of the lease receivable was \$145,437. The lease is required to make monthly fixed payments of \$5,738 for the first 12-month period, then increase 3.0% per year. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources was \$137,079 as of June 30, 2023. The District recognized lease revenue of \$73,691 and interest revenue of \$5,453 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

**EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023*

**NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)**

***Cellular Antenna Site Rental No. 2***

The District, on July 1, 2021, renewed a continuous lease for 74 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$402,307. As of June 30, 2023, the value of the lease receivable was \$287,270. The lease is required to make monthly fixed payments of \$5,238 for the first 12-month period, then increase 3.0% per year. The lease has an interest rate of 2.40%. The value of the deferred inflow of resources was \$271,819 as of June 30, 2023. The District recognized lease revenue of \$70,143 and interest revenue of \$7,677 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Minimum future lease receipts for the next four fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 133,553	\$ 9,618	\$ 143,171
2025	141,576	5,889	147,465
2026	70,444	3,015	73,459
2027	74,379	1,283	75,662
2028	<u>12,755</u>	<u>39</u>	<u>12,794</u>
Total	432,707	<u>\$ 19,844</u>	<u>\$ 452,551</u>
Current	<u>(133,553)</u>		
Long-term	<u>\$ 299,154</u>		

Changes in the District’s deferred inflows of resources related to leases for June 30, 2023, is as follows:

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>
Cellular antenna site rental No. 1	\$ 205,623	\$ -	\$ (68,544)	\$ 137,079
Cellular antenna site rental No. 2	<u>337,063</u>		<u>(65,244)</u>	<u>271,819</u>
	<u>\$ 542,686</u>	<u>\$ -</u>	<u>\$ (133,788)</u>	<u>\$ 408,898</u>

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2023, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 133,788
2025	133,788
2026	65,244
2027	65,244
2028	<u>10,834</u>
<b>Total</b>	<u><b>\$ 408,898</b></u>

**EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023*

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

Changes in capital assets for the fiscal year ended June 30, 2023, were as follows:

Description	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
<b>Non-depreciable assets:</b>				
Land	\$ 579,284	\$ -	\$ -	\$ 579,284
Capacity rights	943,320	-	-	943,320
Construction-in-process	10,718,112	15,473,338	(1,905,464)	24,285,986
<b>Total non-depreciable assets</b>	<b>12,240,716</b>	<b>15,473,338</b>	<b>(1,905,464)</b>	<b>25,808,590</b>
<b>Depreciable assets:</b>				
Transmission and distribution system	17,447,439	1,263,439	(88,066)	18,622,812
Structures and improvements	8,944,206	111,599	(135,230)	8,920,575
Equipment	2,141,197	138,663	(126,124)	2,153,736
<b>Total depreciable assets</b>	<b>28,532,842</b>	<b>1,513,701</b>	<b>(349,420)</b>	<b>29,697,123</b>
<b>Accumulated depreciation:</b>				
Transmission and distribution system	(10,335,394)	(601,622)	88,066	(10,848,950)
Structures and improvements	(3,886,442)	(353,085)	135,230	(4,104,297)
Equipment	(880,572)	(335,910)	126,124	(1,090,358)
<b>Total accumulated depreciation</b>	<b>(15,102,408)</b>	<b>(1,290,617)</b>	<b>349,420</b>	<b>(16,043,605)</b>
<b>Total depreciable assets, net</b>	<b>13,430,434</b>	<b>223,084</b>	<b>-</b>	<b>13,653,518</b>
<b>Total capital assets, net</b>	<b>\$ 25,671,150</b>	<b>\$ 15,696,422</b>	<b>\$ (1,905,464)</b>	<b>\$ 39,462,108</b>

In fiscal year 2023, major capital asset additions amounted to \$15,081,575, and depreciation expense amounted to \$1,290,617.

**NOTE 7 – COMPENSATED ABSENCES**

Changes in compensated absences amounts for the year ended June 30, 2023, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
\$ 121,162	\$ 93,861	\$ (77,628)	\$ 137,395	\$ 68,698	\$ 68,697

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023

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#### NOTE 8 – LOANS PAYABLE

Changes in loans payable amounts for the year ended June 30, 2023, were as follows:

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 18,912,000	\$ -	\$ (860,000)	\$ 18,052,000	\$ 880,000	\$ 17,172,000

#### 2020 Installment Purchase Agreement

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

Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 880,000	\$ 415,196	\$ 1,295,196
2025	900,000	394,956	1,294,956
2026	921,000	374,256	1,295,256
2027	942,000	353,003	1,295,003
2028	963,000	331,409	1,294,409
2029-2033	5,161,000	1,314,289	6,475,289
2034-2038	5,782,000	692,877	6,474,877
2039-2040	2,503,000	86,697	2,589,697
Total	18,052,000	<u>\$ 3,962,683</u>	<u>\$ 22,014,683</u>
Current	<u>(880,000)</u>		
Long-term	<u>\$ 17,172,000</u>		



# EAST ORANGE COUNTY WATER DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2023

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### NOTE 9 – PENSION PLAN

#### Summary

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

Description	2023
Pension related deferred outflows	\$ 864,918
Net pension liability	142,597
Pension related deferred inflows	218,909

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

#### A. General Information about the Pension Plan

##### The Plan

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

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	7.000%	6.750%
Required employer contribution rates – FY 2022	8.650%	7.590%

##### Plan Description

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2021 and June 30, 2020 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

# EAST ORANGE COUNTY WATER DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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### NOTE 9 – PENSION PLAN (continued)

#### A. General Information about the Pension Plan (continued)

At June 30, 2022 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	6	8	14
Transferred and terminated members	7	3	10
Retired members and beneficiaries	9	1	10
<b>Total plan members</b>	<b>22</b>	<b>12</b>	<b>34</b>

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

#### Benefits Provided

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

#### Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Contributions for the fiscal year ended June 30, 2023, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 94,523	\$ 49,780	\$ 144,303

**EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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**NOTE 9 – PENSION PLAN (continued)**

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

**Proportionate Share of Net Pension Liability and Pension Expense**

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2023</u>	<u>Fiscal Year Ending June 30, 2022</u>	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Percentage of Risk Pool Net Pension Liability	0.003047%	-0.035727%	0.038774%
Percentage of Plan Net Pension Liability	0.003047%	-0.035727%	0.038774%

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

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2022:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability/(Asset)</u>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2021 (Measurement Date)	\$ 4,416,168	\$ 5,094,553	\$ (678,385)
Balance as of June 30, 2022 (Measurement Date)	\$ 5,066,466	\$ 4,923,869	\$ 142,597
<b>Change in Plan Net Pension Liability</b>	<u>\$ 650,298</u>	<u>\$ (170,684)</u>	<u>\$ 820,982</u>

**EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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**NOTE 9 – PENSION PLAN (continued)**

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

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

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$1,095,933. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 144,303	\$ -
Difference between actual and proportionate share of employer contributions	202,658	(93,278)
Adjustment due to differences in proportions	474,361	(123,713)
Differences between expected and actual experience	2,864	(1,918)
Differences between projected and actual earnings on pension plan investments	26,120	-
Changes in assumptions	14,612	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 864,918</b>	<b>\$ (218,909)</b>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$144,303 for 2023, were 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 ending June 30, 2024.

# EAST ORANGE COUNTY WATER DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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### NOTE 9 – PENSION PLAN (continued)

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ (221,163)
2023	(253,734)
2024	(300,175)
2025	(385,443)
<b>Total</b>	<u>\$ (1,160,515)</u>

##### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

##### 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 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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#### NOTE 9 – PENSION PLAN (continued)

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

##### Long-term Expected Rate of Return (continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u> <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

<sup>1</sup> An expected inflation of 2.3% is used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

##### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

##### Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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#### NOTE 9 – PENSION PLAN (continued)

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

###### Subsequent Events (continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended June 30, 2023, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	\$ 3,524,916	\$ 1,597,778	\$ 4,640

###### Pension Plan Fiduciary Net Position

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

##### C. Payable to the Pension Plans

At June 30, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

**EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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**NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2023</u>
<b>Net investment in capital assets:</b>	
Capital assets – not being depreciated	\$ 25,808,590
Capital assets, net – being depreciated	13,653,518
Loans payable – current portion	(880,000)
Loans payable – non-current portion	(17,172,000)
Unspent proceeds from loan issuance (Note 3)	<u>4,549,259</u>
<b>Total net investment in capital assets</b>	<b><u>\$ 25,959,367</u></b>

**NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN**

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

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

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



## EAST ORANGE COUNTY WATER DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)

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#### NOTE 12 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling and self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

<b>A. Entity</b>	ACWA-JPIA
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance
<b>C. Participants</b>	As of September 30, 2022 – 396 member districts
<b>D. Governing board</b>	Nine representatives employed by members
<b>E. Condensed financial information</b>	September 30, 2022
<b>Audit signed</b>	February 7, 2023
<b>Statement of financial position:</b>	<b>Sept 30, 2022</b>
<b>Total assets</b>	<u>\$ 246,615,214</u>
<b>Deferred outflows</b>	<u>6,108,562</u>
<b>Total liabilities</b>	<u>137,126,606</u>
<b>Deferred inflows</b>	<u>2,813,249</u>
<b>Net position</b>	<u><u>\$ 112,783,921</u></u>
<b>Statement of revenues, expenses and changes in net position:</b>	
<b>Total revenues</b>	\$ 175,619,417
<b>Total expenses</b>	<u>(212,646,028)</u>
<b>Change in net position</b>	(37,026,611)
<b>Beginning – net position</b>	<u>149,810,532</u>
<b>Ending – net position</b>	<u><u>\$ 112,783,921</u></u>
<b>F. Member agencies share of year-end financial position</b>	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

## **EAST ORANGE COUNTY WATER DISTRICT**

### *Notes to Financial Statements*

*For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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#### **NOTE 12 – RISK MANAGEMENT POOL (continued)**

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible. Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

#### **NOTE 13 – COMMITMENTS AND CONTINGENCIES**

##### **Excluded Leases – Short-Term Leases and De Minimis Leases**

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

## **EAST ORANGE COUNTY WATER DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2023 (With Comparable Amounts as of June 30, 2022)*

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### **NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)**

#### **Grant Awards**

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

#### **Construction Contracts**

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

#### **Litigation**

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

### **NOTE 14 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through March 28, 2024, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**EAST ORANGE COUNTY WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2023*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</b>
June 30, 2014	0.006416%	\$ 399,219	\$ 424,397	94.07%	83.03%
June 30, 2015	0.004970%	341,116	446,749	76.36%	78.40%
June 30, 2016	0.005772%	499,435	439,988	113.51%	74.06%
June 30, 2017	0.017840%	600,628	570,254	105.33%	78.98%
June 30, 2018	0.019150%	582,611	703,788	82.78%	81.99%
June 30, 2019	0.019830%	658,490	886,564	74.27%	81.54%
June 30, 2020	0.002475%	269,333	1,101,431	24.45%	93.20%
June 30, 2021	-0.035727%	(678,385)	1,322,992	-51.28%	115.36%
June 30, 2022	0.003047%	142,597	1,531,885	9.31%	97.19%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

**From fiscal year June 30, 2015 and June 30, 2016:**

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

There were no significant changes in assumptions.

**From fiscal year June 30, 2020 to June 30, 2021:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2021 to June 30, 2022:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2022 to June 30, 2023:**

The discount rate was reduced from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30%.

\*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown. Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

**EAST ORANGE COUNTY WATER DISTRICT**

*Schedule of the District's Contributions to the Defined Benefit Pension Plan  
For the Year Ended June 30, 2023*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2015	33,913	(33,913)	-	446,749	7.59%
June 30, 2016	40,547	(40,547)	-	439,988	9.22%
June 30, 2017	56,240	(56,240)	-	570,254	9.86%
June 30, 2018	69,318	(69,318)	-	703,788	9.85%
June 30, 2019	96,026	(96,026)	-	886,564	10.83%
June 30, 2020	580,137	(580,137)	-	1,101,431	52.67%
June 30, 2021	451,154	(451,154)	-	1,322,992	34.10%
June 30, 2022	127,579	(127,579)	-	1,531,885	8.33%
June 30, 2023	144,303	(144,303)	-	1,727,217	8.35%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
June 30, 2015	June 30, 2012	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2015	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2016	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2020	Entry Age	Fair Value	2.30%	6.90%

**Amortization Method**

Level percentage of payroll, closed

**Salary Increases**

Depending on age, service, and type of employment

**Investment Rate of Return**

Net of pension plan investment expense, including inflation

**Retirement Age**

50 years (2.0%@60), 52 years (2.0%@62)

**Mortality**

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown. Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

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***Supplementary Information***

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**EAST ORANGE COUNTY WATER DISTRICT**  
*Balance Sheets – Combined – Internal Funds*  
*June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Wholesale</b>	<b>Retail</b>	<b>ID No. 1</b>	<b>Internal Balances</b>	<b>2023</b>	<b>2022</b>
<b>Current assets:</b>						
Cash and investments	\$ 8,109,899	\$ 5,027,691	\$ 23,194,355	\$ -	\$ 36,331,945	\$ 30,486,217
Accrued interest receivable	29,214	35,162	31,674	-	96,050	32,178
Accounts receivable, net	1,401,283	443,564	15,716	(93,154)	1,767,409	4,121,634
Property tax receivable	15,898	8,896	39,643	-	64,437	53,420
Lease receivable	133,553	-	-	-	133,553	125,871
Inventory – water-in-storage	50,167	5,773	-	-	55,940	51,252
Prepaid expenses	18,925	25,931	86,738	-	131,594	41,555
<b>Total current assets</b>	<b>9,758,939</b>	<b>5,547,017</b>	<b>23,368,126</b>	<b>(93,154)</b>	<b>38,580,928</b>	<b>34,912,127</b>
<b>Non-current assets:</b>						
Restricted – cash and investments	56,326	1,511,489	24,599,509	-	26,167,324	41,924,822
Restricted – accrued interest receivable	-	-	171,054	-	171,054	169,245
Lease receivable	299,154	-	-	-	299,154	432,707
Net pension asset	-	-	-	-	-	678,385
Capital assets – not being depreciated	3,545,426	7,225,225	15,037,939	-	25,808,590	12,240,716
Capital assets – being depreciated, net	4,306,030	4,905,079	4,442,409	-	13,653,518	13,430,434
<b>Total non-current assets</b>	<b>8,206,936</b>	<b>13,641,793</b>	<b>44,250,911</b>	<b>-</b>	<b>66,099,640</b>	<b>68,876,309</b>
<b>Total assets</b>	<b>17,965,875</b>	<b>19,188,810</b>	<b>67,619,037</b>	<b>(93,154)</b>	<b>104,680,568</b>	<b>103,788,436</b>
<b>Deferred outflows of resources:</b>						
Deferred amounts related to net pension liability	408,761	408,761	47,396	-	864,918	1,106,477
<b>Total deferred outflows of resources</b>	<b>408,761</b>	<b>408,761</b>	<b>47,396</b>	<b>-</b>	<b>864,918</b>	<b>1,106,477</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 18,374,636</b>	<b>\$ 19,597,571</b>	<b>\$ 67,666,433</b>	<b>\$ (93,154)</b>	<b>\$ 105,545,486</b>	<b>\$ 104,894,913</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$ 1,839,209	\$ 688,380	\$ 655,147	\$ (93,154)	\$ 3,089,582	\$ 3,829,129
Due to other governments	-	-	-	-	-	7,824
Deposits and unearned revenues	-	235,038	17,801	-	252,839	234,021
Accrued interest payable	-	6,580	26,318	-	32,898	34,465
Long-term liabilities – due within one year:						
Compensated absences	13,945	17,130	37,623	-	68,698	60,581
Loans payable	-	176,000	704,000	-	880,000	860,000
<b>Total current liabilities</b>	<b>1,853,154</b>	<b>1,123,128</b>	<b>1,440,889</b>	<b>(93,154)</b>	<b>4,324,017</b>	<b>5,026,020</b>
<b>Non-current liabilities:</b>						
Long-term liabilities – due in more than one year:						
Compensated absences	13,945	17,129	37,623	-	68,697	60,581
Loans payable	-	3,434,400	13,737,600	-	17,172,000	18,052,000
Net pension liability	67,391	67,391	7,815	-	142,597	-
<b>Total non-current liabilities</b>	<b>81,336</b>	<b>3,518,920</b>	<b>13,783,038</b>	<b>-</b>	<b>17,383,294</b>	<b>18,112,581</b>
<b>Total liabilities</b>	<b>1,934,490</b>	<b>4,642,048</b>	<b>15,223,927</b>	<b>(93,154)</b>	<b>21,707,311</b>	<b>23,138,601</b>
<b>Deferred inflows of resources:</b>						
Deferred amounts related to leases	408,898	-	-	-	408,898	542,686
Deferred amounts related to net pension liability	103,456	103,456	11,997	-	218,909	329,821
<b>Total deferred inflows of resources</b>	<b>512,354</b>	<b>103,456</b>	<b>11,997</b>	<b>-</b>	<b>627,807</b>	<b>872,507</b>
<b>Net position:</b>						
Net investment in capital assets	7,851,456	10,003,230	8,104,681	-	25,959,367	18,990,434
Restricted	56,326	28,163	21,704,630	-	21,789,119	29,862,783
Unrestricted	8,020,010	4,820,674	22,621,198	-	35,461,882	32,030,588
<b>Total net position</b>	<b>15,927,792</b>	<b>14,852,067</b>	<b>52,430,509</b>	<b>-</b>	<b>83,210,368</b>	<b>80,883,805</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 18,374,636</b>	<b>\$ 19,597,571</b>	<b>\$ 67,666,433</b>	<b>\$ (93,154)</b>	<b>\$ 105,545,486</b>	<b>\$ 104,894,913</b>



## EAST ORANGE COUNTY WATER DISTRICT

### *Schedule of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds For the Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)*

	Wholesale	Retail	ID No. 1	Internal Balances	2023	2022
<b>Operating revenues:</b>						
Water consumption sales	\$ 8,181,833	\$ 1,355,937	\$ -	\$ (880,196)	\$ 8,657,574	\$ 10,202,597
Water service charges	1,081,216	1,066,144	-	(75,503)	2,071,857	1,994,631
Sewer service charges	-	-	3,079,234	-	3,079,234	3,093,772
Connection fees	80,578	33,164	-	-	113,742	33,405
Other operating revenues	-	10,669	54,948	-	65,617	51,611
<b>Total operating revenues</b>	<b>9,343,627</b>	<b>2,465,914</b>	<b>3,134,182</b>	<b>(955,699)</b>	<b>13,988,024</b>	<b>15,376,016</b>
<b>Operating expenses:</b>						
Source of supply	8,752,739	957,811	-	(955,699)	8,754,851	10,054,006
Pumping	-	23,447	-	-	23,447	25,447
Transmission and distribution	275,535	258,808	-	-	534,343	466,081
Sewer operations	-	-	203,152	-	203,152	201,442
Salaries and benefits	830,578	1,024,355	1,582,152	-	3,437,085	1,041,886
General and administrative	317,368	416,020	505,284	-	1,238,672	991,620
<b>Total operating expenses</b>	<b>10,176,220</b>	<b>2,680,441</b>	<b>2,290,588</b>	<b>(955,699)</b>	<b>14,191,550</b>	<b>12,780,482</b>
<b>Operating income(loss) before depreciation</b>	<b>(832,593)</b>	<b>(214,527)</b>	<b>843,594</b>	<b>-</b>	<b>(203,526)</b>	<b>2,595,534</b>
Depreciation expense	(399,104)	(307,809)	(583,704)	-	(1,290,617)	(1,067,048)
<b>Operating income(loss)</b>	<b>(1,231,697)</b>	<b>(522,336)</b>	<b>259,890</b>	<b>-</b>	<b>(1,494,143)</b>	<b>1,528,486</b>
<b>Non-operating revenues(expenses):</b>						
Property taxes	1,078,335	557,457	438,923	-	2,074,715	1,905,287
Investment earnings	244,140	52,254	244,254	-	540,648	(1,793,085)
Rental revenue – cellular antenna	143,834	-	-	-	143,834	173,090
Interest expense	-	(86,682)	(346,727)	-	(433,409)	(452,786)
Gain (loss) on sale of assets	10,590	10,959	11,001	-	32,550	(1,764)
Other non-operating revenues	17,110	14,393	7,421	-	38,924	299,432
Other non-operating Expenses	-	-	-	-	-	(184,299)
Transfers In/(Out)	(17,115)	24,051	(6,936)	-	-	-
<b>Total non-operating revenues(expenses), net</b>	<b>1,476,894</b>	<b>572,432</b>	<b>347,936</b>	<b>-</b>	<b>2,397,262</b>	<b>(54,125)</b>
<b>Change in net position before capital contribs.</b>	<b>245,197</b>	<b>50,096</b>	<b>607,826</b>	<b>-</b>	<b>903,119</b>	<b>1,474,361</b>
<b>Capital contributions:</b>						
Capital grants	-	1,085,021	-	-	1,085,021	-
Contributed capital – developers	250,390	-	-	-	250,390	35,541
Capacity charges	-	-	88,033	-	88,033	46,453
<b>Total capital contributions</b>	<b>250,390</b>	<b>1,085,021</b>	<b>88,033</b>	<b>-</b>	<b>1,423,444</b>	<b>81,994</b>
<b>Change in net position</b>	<b>495,587</b>	<b>1,135,117</b>	<b>695,859</b>	<b>-</b>	<b>2,326,563</b>	<b>1,556,355</b>
<b>Net position:</b>						
Beginning of year	15,432,205	13,716,950	51,734,650	-	80,883,805	79,327,450
End of year	<b>\$ 15,927,792</b>	<b>\$ 14,852,067</b>	<b>\$ 52,430,509</b>	<b>\$ -</b>	<b>\$ 83,210,368</b>	<b>\$ 80,883,805</b>

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***Other Independent Auditors' Reports***

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

Board of Directors  
East Orange County Water District  
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Orange County Water District (District), which comprise the balance sheet as of June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 28, 2024.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Murrieta, California  
March 28, 2024

**EAST ORANGE COUNTY WATER DISTRICT**  
**Report to the Board of Directors**  
**For the Fiscal Year Ended**  
**June 30, 2023**

**NIGRO & NIGRO<sup>PC</sup>**

**EAST ORANGE COUNTY WATER DISTRICT**

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*For the Fiscal Year Ended June 30, 2023*

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Board of Directors  
East Orange County Water District  
Orange, California

We are pleased to present this report related to our audit of the financial statements of the East Orange County Water District (District) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

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

Very truly yours,

Walnut Creek, California  
March 28, 2024

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## ***Required Communications***

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## EAST ORANGE COUNTY WATER DISTRICT

### Required Communications

For the Fiscal Year Ended June 30, 2023

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

Area	Comments
<b>Our Responsibilities with Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 1, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
<b>Accounting Policies and Practices</b>	<p><b>Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p><b>Adoption of, or Change in, Significant Accounting Policies or Their Application</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p><b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b> Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<b>Audit Adjustments</b>	Audit adjustments are summarized in the attached <b>Summary of Adjusting Journal Entries</b> .
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

**EAST ORANGE COUNTY WATER DISTRICT**

*Required Communications*

*For the Fiscal Year Ended June 30, 2023*

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<b>Area</b>	<b>Comments</b>
<b>Discussions With Management</b>	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	No significant difficulties were encountered in performing our audit.
<b>Required Supplementary Information</b>	We applied certain limited procedures to the: <ol style="list-style-type: none"><li>1. Management's Discussion and Analysis</li><li>2. Required Pension Plan Disclosures</li></ol> Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Area	Comments
<p><b>Supplementary Information</b></p>	<p>We were engaged to report on the, Supplementary Information:</p> <ol style="list-style-type: none"> <li>1. Combining Schedules of Balance Sheets</li> <li>2. Combining Schedules of Revenues, Expenses and Changes in Net Position</li> </ol> <p>Which accompanies 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.</p>

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

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***Summary of Adjusting Journal Entries***

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# EAST ORANGE COUNTY WATER DISTRICT

## Summary of Adjusting Journal Entries For the Fiscal Year Ended June 30, 2023

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To Fully Depreciate assets			
1707500	DEPRECIATION EXPENSE WZ	24,398.00	
2707500	DEPRECIATION EXPENSE RZ	37,546.00	
3707500	DEPRECIATION EXPENSE S	128,065.00	
1004721	GAIN / (LOSS) ON DISPOSAL WZ		24,398.00
2004721	GAIN / (LOSS) ON DISPOSAL RZ		37,546.00
3004721	GAIN/ (LOSS) ON DISPOSAL S		128,065.00
<b>Total</b>		<b>190,009.00</b>	<b>190,009.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
Accrued back to retainage payment.			
1001300	CIP WZ	53,258.02	
3001300	CIP S	270,564.60	
1002110	RETAINAGE PAYABLE WZ		53,258.02
3002110	Retainage Payable S		270,564.60
<b>Total</b>		<b>323,822.62</b>	<b>323,822.62</b>
<b>Adjusting Journal Entries JE # 3</b>			
To Accrue Capital Contribution			
1001110	MISC RECEIVABLE WZ	250,000.00	
1004711	CAPITAL CONTRIBUTIONS WZ		250,000.00
<b>Total</b>		<b>250,000.00</b>	<b>250,000.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
For Financial Reporting Purposes - To reclass property tax			
1004501	TAX SECURED WZ	2,292.41	
2004501	TAX SECURED RZ	1,282.61	
3004501	TAX SECURED S	976.66	
1004503	TAX SUPPLEMENTAL ROLL WZ		2,292.41
2004503	TAX SUPPLEMENTAL RZ		1,282.61
3004503	TAX SUPPLEMENTAL S		976.66
<b>Total</b>		<b>4,551.68</b>	<b>4,551.68</b>
<b>Adjusting Journal Entries JE # 5</b>			
To get beginning fund balance/net position to rollforward.			
1505402	OFFICE SUPPLIES WZ	2.10	
3998-20	UNRESTRICTED ASSETS	3.41	
3998-30	UNRESTRICTED ASSETS	1.58	
2505402	OFFICE SUPPLIES RZ		3.41
3505402	OFFICE SUPPLIES S		1.58
3998-10	UNRESTRICTED ASSETS		2.10
<b>Total</b>		<b>7.09</b>	<b>7.09</b>
<b>Adjusting Journal Entries JE # 6</b>			
To reclass restricted cash in the sewer fund for FINANCIAL REPORTING PURPOSES			
1040-30	Sterling Bank Loan Proceeds-ID1	21,648,305.16	
1030-33	US Bank		21,648,305.16
<b>Total</b>		<b>21,648,305.16</b>	<b>21,648,305.16</b>
<b>Total Adjusting Journal Entries</b>		<b>22,416,695.55</b>	<b>22,416,695.55</b>



# MEMO

**TO: ADMINISTRATION & FINANCE COMMITTEE**  
**FROM: GENERAL MANAGER**  
**SUBJECT: 2020 INSTALLMENT PURCHASE AGREEMENT**  
**DATE MARCH 8, 2024**

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## Background

In December of 2020 the Board approved an Installment Purchase Agreement with Sterling Bank in the amount of \$20,120,000. The term for repayment was 20-years at an interest rate of 2.354%. At the time, the amount of capital was based on the current capital needs of the District and specific projects in the capital improvement plan. The expenditure of the funds was expected within three years.

Obviously, over three years there have been many changes to the capital improvements originally planned in 2020. These changes resulted in less spending on the projects initially included with this agreement and additional spending on projects that were not included or even planned at that time. As a result, a total of approximately \$18.6 million has been expended of the \$20.1 million total.

The District requested the remaining funds to be applied towards Vista Panorama Pipeline Project. The \$1.5 million from the loan will keep the Vista Panorama Project within budget. This project replaced the reservoir project where the funds would have been utilized. The bank agreed and those funds have been received.

## Recommendation

Recommend that the Board revise the capital budget for the Vista Panorama Pipeline to include the final \$1.5 million from the installment purchase agreement.

Attachment(s): Final Accounting of the \$20 million Installment Purchase Agreement Expenditures

\$20M Installment - Summary of Expenditures

	<u>Retail</u>	<u>Sewer</u>	<u>Total</u>
<b>Original Loan Proceeds Available 12/01/2020</b>	\$ 4,003,417	\$ 16,013,669	\$ 20,017,087
<b>Drawdowns for Approved Capital Projects</b>			
Retail - Vanderwerff Well	(2,956,276)	-	(2,956,276)
Retail - Vista Panorama Res.	(262,006)	-	(262,006)
Sewer - Browning/CRA	-	(15,254,357)	(15,254,357)
<b>Subtotal Drawdowns for Approved Capital Projects</b>	<u>(3,218,282)</u>	<u>(15,254,357)</u>	<u>(18,472,639)</u>
<b>Add back Interest Earned</b>	397	1,448	1,845
<b>Unused Loan Proceeds Remitted to District 01/31/2024 for Desired Capital Projects</b>	(785,533)	(760,761)	(1,546,293)
<b>Restricted Loan Proceeds Available at 01/31/2024</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# MEMO

**TO: ADMINISTRATION & FINANCE COMMITTEE**  
**FROM: GENERAL MANAGER**  
**SUBJECT: PROPOSED REVISIONS TO PERSONNEL POLICY HANDBOOK**  
**DATE MARCH 8, 2024**

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## Background

The attached personnel handbook has been brought forward for a number of minor revisions to sections:

- 3.5 Nepotism – a more defined description is included
- 4.2 Work Schedules – outlines current field work schedule 6:30 am – 5:00 pm, Monday through Thursday.
- 8.2 Added Martin Luther King Jr. Holiday
- 8.7 Medical or Family Care Leave
- 11 Grievance Procedure
- 14 Alcohol & Drug Policy

## Recommendation

Recommend that the Board approve the revised personnel policy handbook

Attachment(s): Revised Personnel Policy Handbook





# PERSONNEL POLICY MANUAL

Adopted ~~May 19, 2020~~ **March 28, 2024**

DRAFT

# Contents

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## **1. EMPLOYMENT POLICY**

The East Orange County Water District (EOCWD) subscribes to the public policies of the United States and the State of California as set forth in all applicable statutes that are necessary to protect and safeguard the right and opportunity of all persons to seek, obtain, and hold employment without discrimination or abridgment because of race, religious creed, color, age, sex, physical, disability, national origin, or any other legally protected category.

EOCWD's policy provides full equal employment opportunity. Its recruitment and employment practices, all offers of employment, and all its courses of action concerning training opportunities and training, job placement, promotions, compensation, and termination are based solely on merit.

## **2. GENERAL EMPLOYMENT POLICIES**

### **2.1 Categories of Employees**

Each employee will be within one or more of the following categories:

### **2.2 Regular Employees (Exempt & Non-Exempt)**

A person who is employed by EOCWD in a full-time position, has successfully completed their six (6) month probationary period, and is considered a regular employee whose employment is expected to continue over a long term. This employee is eligible for benefits as provided in the policies that relate to EOCWD's benefit programs. Eligibility is based upon length of continuous employment and, in all cases, the measurement shall begin with the employee's most recent date of hire.

Continuous employment is broken by:

- Quitting, either with or without notice.
- Discharge
- Layoff from which the employee is not rehired within one (1) year from the date of layoff.

Continuous employment is not broken by:

- Absence on layoff from which the employee is rehired within one (1) year from the date of layoff.
- Absence while an employee is on an approved leave of absence from which the employee returns to work.

Unless otherwise specifically stated, all EOCWD benefits apply only to regular full-time employees.

### **2.3 Temporary Employee (Non-Exempt)**

A person who is hired to work for a limited period of time, not to exceed 960 hours, to meet seasonal or other short-term labor needs.

### **2.4 Part-time Employee (Non-Exempt)**

A person who is employed to work less than thirty (30) hours per week on a regular or temporary basis.

### **2.5 Management Employee (Exempt)**

Management employees serve at the pleasure of the Board of Directors and do not acquire a property right to continued employment. Management employees are exempt, as there is an expectation that there will be occasional work beyond the hours required of other full-time employees. As management employees are exempt, they do not receive overtime pay.

Management Employees' work hours and compensation are set by the Board. A Management Employee is considered a full-time employee and is entitled to the benefits of a Regular Employee as provided in the policies that are related to EOCWD's benefits programs.

A Management Employee whose regular work schedule is less than 34 hours per week is considered a part-time employee and is entitled to those benefits required by applicable federal and state laws.

With the written approval of the Board of Directors, Management employees may also receive compensation under salary and benefit plans that are different from those applicable to other employees.

Management (salaried-exempt) employees are as follows:

- General Manager
- Engineering Manager
- Operations Manager (Standby Pay Eligible)
- GIS Manager

### **2.6 Confidential Employee (Exempt & Non-Exempt)**

Confidential employees are Management and supervisory employees who must exercise regular access to information considered by the District as confidential in the course of their job duties.

## **2.7 Non-Exempt Employee**

Non-exempt employees are hourly-paid employees, who may receive overtime pay. Non-exempt employees are as follows:

### **Administrative/Office Employees**

- Office Manager
- Administrative Assistant
- Management Analyst
- P/T Administrative Assistant
- P/T Office Assistant

### **Field Employees**

- Water Distribution System Supervisor
- Wastewater Collections System Supervisor
- Water Distribution System Operator I
- Water Distribution System Operator II
- Water Distribution System Operator III
- Water Distribution System Lead Operator
- Wastewater Collections System Operator I
- Wastewater Collections System Operator II
- Wastewater Collections System Operator III
- Wastewater Collections System Lead Operator

## **3. HIRING AND PROMOTIONS**

### **3.1 Posting New Jobs and Vacancies**

When new jobs are created or vacancies occur, EOCWD shall first attempt to fill them through the recall procedure if any employee on layoff has necessary qualifications. If new jobs or vacancies are not filled through recall after layoff, a notice will be posted on District bulletin boards.

EOCWD may make emergency appointments to satisfy an immediate staffing need.

### **3.2 Selection**

Employees shall be selected on the basis of their qualifications for the job and without regard for race, religious creed, color, age, sex, physical handicap, or national origin. The method of selecting a new employee will be objective and impartial and may consist of interviews, tests, examinations, and verifications, as the General Manager deems necessary and appropriate.



### **3.3 Application for Employment**

Each candidate for employment who appears to be qualified to perform the job for which he/she is being considered shall be required to fill out and sign the EOCWD's Application for Employment form. Applications shall be considered if they are received on or before the final filing date.

### **3.4 Disqualification**

Applications will be rejected if the applicant is determined to be physically or mentally unfit to perform the duties of the position under consideration, is addicted to the habitual excessive use of illegal substances or intoxicating liquor, is not a U.S. citizen or otherwise does not possess the minimum qualifications for the position. Persons falsifying application information shall be disqualified.

### **3.5 Nepotism**

Nepotism occurs when family members favor other family members in employment decisions. Nepotism does not align with EOCWD's policy and practice of making employment decisions based solely on District needs, merit-based processes, and individual qualifications, skills, knowledge, abilities, and performance.

No person shall be hired, assigned, or promoted to a position with EOCWD whenever such person's relative already holds a position with EOCWD, and whenever such appointment, assignment, or promotion would result in the following:

1. Direct supervision of an employee by a related employee.
2. Related employees having the same immediate supervisor.
3. Related employees working in the same department, group, or facility, where such placement has the potential for creating an adverse impact on supervision, safety, or morale, or where such placement creates potential conflicts of interests or hazards greater for relatives than for other persons.

For purposes of this rule, relative shall include a child, parent, parent-in-law, child-in-law, sibling, step-parent, step-child, grandparent, grandchild, or first cousin but excluding the relationship of marriage. Individuals who become related persons, including by entering into marriage with another EOCWD employee, must promptly disclose the relationship to Human Resources.

Human Resources retains the discretion to change job assignments as necessary if the placement of related employees creates a potential adverse impact on supervision, safety, or morale. EOCWD retains the discretion to refuse to hire an applicant who is related to a current EOCWD employee (including married to a current EOCWD employee), if EOCWD determines that it would be impossible for the employment to take place for reasons of disruption of EOCWD affairs, supervision, safety, security, or morale.

If for operational reasons Human Resources cannot remove the conflict, Human Resources shall formulate a management plan to address the conflict created by the relationship while minimizing impact on the employees involved. At a minimum, all management plans must address reporting relationships, supervision, and evaluation to ensure a supervisor does not participate in employment decisions regarding a related person, as prohibited by this policy.

### **3.6 Physical Examinations**

Candidates for initial employment and employees rehired after layoff must successfully pass a physical examination, which will include drug and alcohol screening prescribed by the District.

At the direction of the General Manager or designee, any employee may be required to undergo a physical examination at any time, consistent with applicable law.

All physical examinations prescribed by the District shall be performed by a licensed physician approved and paid for by the District.

### **3.7 Background Checks**

Candidates for employment and employees rehired after layoff are subject to a background check following a conditional offer of employment or reemployment. The background check may include criminal record information, reference checks, credit checks (for certain positions consistent with applicable law), verification of prior employment, obtaining copies of licenses, certificates or other public and/or official records and documents.

If the background check reveals negative information, including a conviction of a felony or misdemeanor crime of moral turpitude, EOCWD will provide notice and a copy of the background report to the individual that the individual may be disqualified from being considered for or holding a particular position. EOCWD will conduct an individualized assessment of whether the candidate's criminal history has a direct and adverse relationship with the specific duties of the job. In making this individualized assessment, EOCWD will consider: (1) the nature and gravity of the offense or conduct; (2) the time that has passed since the offense or conduct and completion of the sentence; and (3) the nature of the job held or sought. The candidate will be provided five business days to respond to the notice and assessment, and will be provided five additional business days if the candidate disputes the accuracy of the background check report.

If the results of the background check and response of the candidate continue to indicate that EOCWD would be adversely affected by hiring or rehiring the applicant, EOCWD may decline to retain the individual. EOCWD will send final notice of its decision to the candidate, including a final written assessment.

### **3.8 Work Status**

All individuals accepting employment shall provide verification of identity and legal authority to work in the United States pursuant to the federal immigration laws. Completion of Form I-9, U.S. Department of Justice, Immigration and Naturalization Service, is mandatory within seventy-two (72) hours of hiring. All offers of employment and continued employment are contingent on furnishing satisfactory evidence of identity and legal authority work in the United States.

### **3.9 Probationary Period**

#### **New Employees**

The first six (6) months of employment shall constitute a probationary period during which EOCWD will investigate the new employee's qualifications, references, and work performance and determine whether his/her employment should be continued. New employees are subject to dismissal without cause at any time during this period at the discretion of the General Manager, and such termination shall not constitute a cause for any action against EOCWD.

New employees will be kept informed of their progress by means of periodic performance evaluations. They will be advised of any deficiencies in performance or conduct. At the end of the probationary period, new employees will be given a performance appraisal by their immediate supervisor. If it is determined that the probationary employee's performance does not meet EOCWD standards or EOCWD does not continue to need the position, his/her employment will be terminated.

### **3.10 Outside Employment**

EOCWD employees must disclose outside activities, including professional or consulting services, to their immediate supervisor. EOCWD will assess if the performance of such work activities interferes with the employee's ability to perform his or her normal work duties or if the outside work activities creates an actual or apparent conflict of interest. Under no circumstances will a EOCWD employee enter into an employment or consulting agreement, or perform services for any vendor, landowner, or consulting firm that is under contract with EOCWD, that has done business with EOCWD in the preceding 12 months, or that is reasonably expected to do so in the foreseeable future.

With the written approval of the Board of Directors, a Management Employee may engage in employment other than that with EOCWD; but only if such outside employment does not (1) interfere with performance of the employee's assigned EOCWD duties, including overtime and on-call assignments; (2) create an actual or apparent conflict of interest; or (3) discredit or reasonably cause criticism of EOCWD or impair public confidence in EOCWD's integrity. The outside work activities for which the employee will be compensated must be performed on the employee's own time.

### **3.11 Training and Development**

EOCWD encourages employee development by providing the opportunity for employee training. Compulsory training may be required as a condition of continued employment. Such training programs may include lecture courses, seminars, demonstrations, reading materials, or other methods for improving job performance. Employees are responsible for any/all required contact hour training needed to obtain and maintain certificates or licenses required to perform their job.

### **3.12 Personnel Records**

The EOCWD business office will maintain a personnel file for each employee containing name, position, title, salary and such other information as may be deemed necessary by EOCWD. To insure that EOCWD records are correct and current, each employee is responsible for keeping Human Resources promptly informed as to changes in address, phone number, marital status, dependents, and other pertinent personal information.

Upon request, an employee may examine all his/her official personnel records.

### **3.13 Termination of Employment**

The effective date of termination of employment is normally the last day worked by an employee. In the situation of a decision to terminate employment, rather than to restore an employee to work upon expiration of a leave of absence, the date of termination shall be the date of the decision to terminate.

An employee who plans to resign is requested to give his/her supervisor an advance notice in writing of at least two (2) weeks. Once submitted and accepted by the District, a resignation may not be withdrawn, except upon approval of the General Manager.

## **4. HOURS OF WORK**

### **4.1 Schedules of Work/Pay Period**

Work schedules follow a work period of fourteen (14) consecutive twenty-four (24) hour days, which begins at 5:00 p.m. on Friday and ends at the same time on the second following Friday.

### **4.2 Work Schedules**

The "Standard Work Schedule" shall be eighty (80) hours consisting of ten (10) workdays within a period of fourteen (14) consecutive days, beginning with the employees' first shift on the first workday in the designated work schedule.

The normal daily hours for field employees on the "Field Work Schedule" shall be ten consecutive hours, including an unpaid lunch period of one-half (1/2) hour, from 6:30 a.m. until 5:00 p.m., Monday through Thursday.

The normal daily hours for office/administrative employees on the "Non-Field Standard Work Schedule" shall be eight and one-half (8 ½) consecutive hours, including an unpaid lunch period of one-half (1/2) hour from 8:00 am – 5:00 pm.

The normal daily hours for the General Manager, Engineering Manager, Operations Manager, and GIS Manager shall be such hours as required to perform the duties of the position.

### **Part-time Employees (Non-Exempt)**

For part-time employees, the workday shall be as established by the immediate supervisor.

### **4.3 Lunch Periods**

Field employees scheduled lunch period will be a one-half (1/2) hour period and shall be unpaid. The employee's supervisor or department manager will schedule lunch periods.

Office/Administrative employee's scheduled lunch period will be a one-half (1/2) hour period and shall be unpaid. The employee's supervisor or General Manager will schedule lunch periods.

### **4.4 Rest Periods**

A rest period of fifteen (15) minutes may be taken each morning and afternoon and will be counted as time worked. Rest periods will be scheduled by the supervisor for the employee in each group.

## **5. JOB CLASSIFICATION**

Job classifications describe the specific function of each position and the typical duties that an employee is expected to perform. Job classifications are not intended to limit the work to those typical duties described since other tasks may be assigned that are similar in nature and within the scope of the position.

All positions are evaluated according to their relative worth to EOCWD. Positions that are similar in type of work, level of difficulty and degree of responsibility are grouped together in the same classification. The General Manager or designee may recommend that the position be re-evaluated and reclassified. Similarly, job descriptions will be prepared for any new positions, which will be evaluated and classified according to their relative worth to EOCWD.

## **6. COMPENSATION**

### **6.1 Salary Administration**

As a public entity the EOCWD is committed to rendering the highest level of service possible at a fair and reasonable cost. EOCWD's ability to achieve this objective is affected by a number of factors, one of which is the quality and performance of EOCWD employees. In order to attract and retain highly competent employees, promote continuous superior performance, and give full recognition to EOCWD financial constraints, the following may be considered in establishing employee compensation:

- The impact of compensation on the cost of services, financial position of EOCWD, and overall operational costs;
- Compensation paid for similar work in other public and private jurisdictions;
- The general and specific performance of employees, and status of the labor force, economic conditions, recruitment and retention experience, and other factors influencing the maintenance of a stable and efficient work force.

## **6.2 Public Posting of Salary Information**

Regulations adopted by the CalPERS Board of Administration require that:

- The payrates, time basis and any items of special compensation be listed for each position on a pay schedule;
- The pay schedule be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;

## **6.3 Salary Ranges**

Salary ranges for Classified and Management employees are established and modified from time-to-time by the EOCWD Board of Directors.

The General Manager reviews performance and recommends compensation levels individually for all positions in the organization, subject to initial review of the Finance and Administrative Committee and approval of the Board.

The Board of Directors reviews performance and sets compensation for the General Manager.

## **6.4 Special Compensation**

Special Compensation, for purposes of the PERS calculation, is paid to Field Employees and is reportable to PERS as follows:

- Holiday Pay
- Uniform Allowance (not inclusive of safety shoes)

## **6.5 Payment of Compensation**

### **Basic Hourly Salary Rate**

Employees shall be paid based upon an hourly salary rate. The hourly rate for non-exempt EOCWD employees shall be payment for the non-overtime hours worked.

### **Time of Payment - Regular Pay Day**

Pay periods are 14 consecutive days in duration, terminating each alternate Friday. Payment shall be made within the week immediately following the close of the pay period. Normally, payment will be made on alternating Wednesdays. Payment for the pay period is calculated as follows:

### **Applicable Hourly Rate x Eligible Hours**

"Eligible Hours" are defined as those hours (regular, overtime and standby) that an employee worked during the period and/or is eligible for payment, such as vacation, sick leave, holiday

and/or compensatory time.

## **Terminations**

Prior to termination, employees are required to complete an Exit Interview with the General Manager, or designee, and to return all EOCWD property (keys, uniforms, etc.). Employees who terminate will receive their final pay as soon as possible after separation. Final pay is made up of the following elements:

- Unpaid salary for work performed
- Accrued and unused vacation to the date of termination, provided they have completed six (6) full months of continuous employment.

## **6.6 Salary Deductions**

Deductions are made from a full-time employee's pay as follows:

- Those deductions required by law for Federal and State Income Taxes, Social Security (F.I.C.A.), and State Disability Insurance;
- Contributions due for EOCWD's authorized Retirement Plan, and if authorized in writing by employees, as provided for on EOCWD forms:
  - EOCWD's authorized deferred compensation plan.

Deductions are made from a part-time employee's pay as follows:

- Those deductions required by law for Federal and State Income Taxes, Social Security (F.I.C.A.), and State Disability Insurance.
- Contributions due for EOCWD's authorized Retirement Plan.
- Authorized by employee, as provided for on EOCWD form, authorized deferred compensation plan.

## **6.7 Overtime**

Overtime work is a condition of employment for all employees as may be deemed necessary by the immediate supervisor.

### **Overtime Levels**

For purposes of overtime only, EOCWD employees are divided into two categories as follows:

### **Non-Exempt Employees**

- Office Manager
- Administrative Assistant
- Management Analyst
- Part Time Administrative Assistant
- Part-Time Office Assistant
- Water Distribution System Supervisor
- Wastewater Collections System Supervisor
- Water Distribution System Operator I / II / III
- Water Distribution System Lead Operator
- Wastewater Collections System Operator I / II / III
- Wastewater Collections System Lead Operator

### **Exempt Employees**

- General Manager
- Operations Manager (Standby Pay Eligible)
- Engineering Manager
- GIS Manager

### **Overtime Hours**

Overtime worked by Non-Exempt employees shall be paid at the rate of one-half (1 1/2) times the employee's basic hourly rate.

### **Overtime for Non-Exempt Office Employee**

- Hours worked by Non-Exempt office employee in excess of eight and one-half (8 1/2) hours in any workday;
- Hours worked in excess of forty (40) hours in any workweek, but not in addition to overtime paid for hours worked in excess of eight and one-half (8 ½) in any one work day.
- All time worked on any EOCWD designated holiday;
- For accumulation of overtime hours, pay for holidays and vacations shall be considered as hours worked.
- Sick Leave, Jury Leave are not "worked time" and cannot be used to calculate daily or weekly overtime hours.

### **Overtime for Non-Exempt Field Staff Employee**

- Hours worked in excess of ten (10) hours Monday through Thursday;



- Hours worked in excess of forty hours (40) in any workweek, but not in addition to overtime paid for hours worked in excess of ten and one-half (10 ½) in any one work day;
- All time worked on any EOCWD designated holiday;
- For accumulation of overtime hours, pay for holidays and vacations shall be considered as hours worked.
- Sick Leave, Jury Leave are not “worked time” and cannot be used to calculate daily or weekly overtime hours.

## **6.8 Compensatory Time**

Non-exempt employees have the option of taking compensatory leave time instead of overtime pay. A maximum of forty (40) hours per year of Compensatory Time may be accrued at a rate equivalent to one and one half (1 ½) hours for every hour of overtime worked beyond forty (40) hours in a workweek. Vacation, Sick Leave, or other approved Leave are not to be counted as time worked for the purpose of computing compensatory time. Only hours worked and holidays are to be counted. Compensatory Time may be used in-lieu of Vacation and/or Sick Leave for absences under eight (8) hours in a day.

The use of compensatory time must be requested and approved by the General Manager or designee. Only Non-Exempt Employees shall be eligible for Compensatory Time.

Exempt employees, **with the exception of the Operations Manager**, are not eligible for monetary compensation or compensating time off for overtime worked, except in unusual and extenuating circumstances as determined by the Board of Directors. If the Board of Directors makes such determination, Exempt employees may be granted periodic compensating time off when work schedules permit.

## **6.9 Standby Duty**

### **General Regulations**

Standby duty is an assignment of responsibility to remain available to respond rapidly to emergency calls after the regular worked day, on holidays and on weekends.

### **Resident Employee**

The employee residing on EOCWD’S property is automatically on Standby Duty for the Retail and Wholesale Zone weekly for the four-day period Monday beginning 6:30 am through Thursday 5:00 pm.

### **Substitute Standby Persons for Resident Employees**

On an as-required basis, substitute standby persons will be made available provided prior request is made three (3) days before and is approved by the General Manager. The Operations

Manager shall make personnel substitute arrangements based upon names provided to the General Manager from those persons who are available for Standby Duty.

### **Standby Duty When EOCWD Resident Position is Vacant**

If the EOCWD Resident position is vacant, then the Standby Duty assignment is the seven (7) day period from 5:00 p.m. Thursday to 6:30 a.m. the following Thursday.

### **Weekend Standby Duty**

The Weekend Standby Duty assignment is for the period commencing at 5:00 p.m. on Thursday to 6:30 a.m. on Monday. Weekend Standby Duty will be rotated among eligible employees. The Operations Manager will establish the work schedule during each ninety (90) day period for each employee assigned the duty and may grant exchanges of duty for justifiable reasons. Employees so assigned are authorized to use the duty truck provided by EOCWD only for EOCWD business.

Employees are assigned Standby Duty by the Operations Manager after they have completed their probationary period or are progressing satisfactorily.

In the event there are an insufficient number of employees requesting Standby Duty, the Operations Manager shall assign employees to the Standby Duty.

### **Pay Regulations for Standby Duty for Resident Employees**

The Resident employee is not eligible for weekday standby pay as the use of EOCWD property for personal residence is considered in-lieu compensation. Compensation for after hours worked is listed above under Overtime Hours.

The Standby Duty hourly rate of pay shall be the employee's regular hourly rate. The hours credited for Standby Duty shall be in accordance with the following:

- Thursday (5:00 pm through Monday 6:30 a.m.  
One (1) hour straight time for every eight (8) hours each day standby and two (2) hours minimum at overtime pay ( $1\frac{1}{2}$  \* base wage) each day for actual rounds worked on the weekend and holidays.

In the event a Services Contract is in existence with another water agency, Resident Retail Zone employee shall also be paid one (1) day additional hour per day straight time Standby Duty on weekends. Employees, other than Resident employee, shall be paid for Standby Duty as stated above under Overtime Hours.

### **Pay Regulations for Standby Duty Non-Resident Employees**

The Standby Duty hourly rate of pay shall be the employee's regular hourly rate. The hours credited for Standby Duty shall be in accordance with the following:

- Monday (6:30 am) through Thursday (5:00 pm)

Two (2) hours straight time daily

- Friday through Sunday – One (1) hour straight time for every eight (8) hours each day standby and two (2) hours minimum at overtime pay (1½ \* base wage) each day for actual rounds worked.

### **Standby Pay for Holidays Observed by EOCWD**

An additional one (1) hour at the Standby rate for every eight (8) hours on standby shall be paid in addition to eight (8) hours regular holiday pay.

### **Emergency Call-Out Compensation**

For Field Personnel, all actual time worked in excess of eighty (80) hours in a pay period will be compensated at 1.5 times the employee's regular hourly rate.

## **7. ESTABLISHMENT OF RATES OF PAY**

### **7.1 New Employees Regular Employees**

The starting rate for a newly hired regular employee shall be recommended by the General Manager or designee and within the salary schedule approved by the Board of Directors.

### **7.2 Temporary and Part-time Employees**

Temporary and part-time employees shall be paid on an hourly basis at a rate to be determined in each instance in accordance with the level of duties to be performed, but not less than the State of California minimum hourly wage.

### **7.3 Promotions**

Effective upon promotion, employees shall receive an increase in base salary recommended by the General Manager or designee and is within the budget approved by the Board of Directors.

### **7.4 Reassignments/Demotions**

If it is determined at any time during the probationary period that a promoted employee cannot perform the duties of the new position, the employee will be reassigned to another position at the discretion of the General Manager or designee. The basic salary of employees demoted at their own request to their previous position in a lower salary range shall be their previous salary.

In the event of a disciplinary demotion, the employee's salary shall be set at a rate, which is at least five percent (5%) less than the rate received in the previous position.

## 7.5 Lateral Transfers

Except as otherwise determined by the Board, the basic salary of employees transferred to another position that does not reflect a promotion or demotion shall be unchanged.

## 7.6 Recall from Layoff

The basic salary of employees recalled from layoff to the same position as that from which they were laid off shall be the same salary that they were paid when laid off. The basic salary of employees recalled from layoff to a position with a lower salary than they occupied when laid off shall be their rate at the time of layoff or the rate for the new position, whichever is lower.

## 7.7 Merit Increases

Annual performance reviews and consideration for merit increase will be given to employees annually. Merit increases are not an automatic event, but are based upon proficient job performance, merit reviews, and other pertinent information available to EOCWD. The General Manager and Department Supervisor shall review the performance of employees prior to the eligible date for a merit increase. The reviews will point out areas in which performance is good and those areas in which improvement is needed.

### **Merit advancement shall be based upon the following:**

Determination by the supervisor that the employee's performance is meeting the expectations of EOCWD. Such determination relates to the entire job performance including quality of work, level of work effort, (productivity) job attitude, cooperation, desire to learn, willingness and ability to accept responsibility, punctuality, regularity of attendance and an obvious desire to excel, among others.

## 8. BENEFITS

### 8.1 Vacation

#### **Vacation Allowances**

Full-time EOCWD employees accrue vacation credit in accordance with the following schedule:

<u>Period of Continuous Employment</u>	<u>Month</u>	<u>Maximum</u>
First year through fifth year (1 – 5 years)	6.67	80.0
Sixth year through fifteenth year (6 – 15 years)	10.00	120.0
After fifteen years (After 15 years)	13.33	160.0

Part-time employees shall earn vacation on a pro-rata basis.

Four (4) hours of vacation may be earned annually as part of the Safety Program incentive.

### **Vacation Accrual**

Vacation Leave may be accrued up to the following limits:

- Five hundred (500) hours for Exempt Employees
- One-Hundred Sixty Hours (160) Hours for Non-Exempt Employees
- Vacation hours that exceed the accrued limits by the last pay period of the calendar year, shall automatically be paid to the employee at the end of that pay period, at the employee's current regular rate of pay, provided that the employee has taken at least 80 hours of vacation during the preceding fiscal year.

Vacation credit is accrued on a monthly basis except during the first and last months of employment when pro-rated credit is given for full days worked.

Vacation credit shall not accrue during unexcused absences or during the following absences that extend for five (5) or more accumulated full working days:

- Time between a layoff and rehire
- Approved personal or indefinite military leave of absence, unless otherwise provided by law.
- Approved medical leave.

Temporary employees do not accrue vacation credit and are not eligible to take vacation time off.

### **Use Of Vacation Credit**

Vacation credits may not be used during the first six (6) months of employment. The use of vacation credits shall not exceed the number of whole days of vacation credit accrued by employees as of the day their vacation commences.

Vacation shall be scheduled so as not to interrupt normal operations of EOCWD. The scheduling of vacation time is subject to approval of the department manager, who may require that request for vacation be submitted up to thirty (30) days in advance of the requested start of the vacation for the use of vacation credits of thirty (30) or more hours. Vacation credit use of less than thirty (30) hours may be submitted less than thirty (30) days in advance, but no less than seventy-two (72) hours prior to start of use. If EOCWD requires a change in any previously scheduled and approved vacation, reasonable advance notification of such a change will be given to affected employees.

Except upon termination, or except as provided under Termination (pg. 16) or Vacation Accrual (pg. 22), in no event shall employees be paid compensation in lieu of vacation time off. An EOCWD holiday occurring during an employee's vacation shall not be considered as a day of vacation.

\*An employee who is receiving State Disability Insurance (SDI) or Worker's Compensation payments may use accrued vacation to supplement said payment provided that the total amount received shall not exceed 100% of the employee's regular salary.

## **Termination**

Employees who terminate shall be paid for all accrued and unused vacation credits at their rate of pay at the time of termination.

## **Posting Vacation Credit**

EOCWD will provide the accumulated vacation credits of each employee on their paycheck information.

## **8.2 Holidays**

### **Observed Holidays**

District policy provides for twelve (12) specific holidays, including a floating holiday as follows:

- New Year's Day (January 1)
- Martin Luther King Jr. Day (third Monday in January)
- President's Day (third Monday in February)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Veteran's Day (November 11)
- Thanksgiving Day (fourth Thursday in November)
- Friday immediately following Thanksgiving Day
- 1/2 Day before Christmas (December 24)
- Christmas Day (December 25)
- 1/2 Day before New Year's Day (12-31)
- One (1) floating holiday at the employee's choice, as approved by the General Manager or designee, with at least one (1) week's advanced notice. Cannot be accumulated.

For employees assigned to a ten-hour, four-day work schedule, when the holiday falls on the employee's regularly scheduled day off, a floating holiday will be given for the observed holiday.

### **Saturday and Sunday Holidays**

A holiday falling on Saturday shall be observed on Friday, the day preceding, and a holiday falling on Sunday shall be observed on Monday, the day following.

### **Holiday Pay**

Regular and part-time employees are paid for their normally scheduled work hours at their

base hourly rate for each of the holidays listed above.

Temporary employees are ineligible to receive holiday pay.

If regular or part-time employees, who are not on standby, are required to work on a holiday, they are paid at the rate of one and one-half (1 ½) times their basic hourly rate for hours actually worked in addition to straight time holiday pay. For hours worked over their regular scheduled hours they are paid two (2) times their basic hourly rate.

Employees assigned to standby duty are paid for holidays in accordance with the provisions stated under Compensation.

Employees on an approved medical or temporary military training leave of absence or on a leave for job-related injury or occupational disease shall be paid holiday pay as provided above. Employees on any other type of leave of absence shall receive no holiday pay for any holiday occurring during their leave of absence.

Employees on jury duty shall be paid holiday pay as provided above for any EOCWD holiday observed during the periods of jury service.

### **Eligibility for Holiday Pay**

Employees are not entitled to holiday pay if they extend a holiday by unexcused absence on the last regular workday before or the next regular workday after a holiday.

### **8.3 Sick Leave**

Accumulated sick time leave may be used for: Absences caused to aid or care for a family member.

- An employee's incapacitation which resulted from illness, injury, or pregnancy.
- Absences resulting from work related injuries or illness, which is not compensated by Worker's Compensation.
- Quarantine imposed by public health authorities.
- Receipt of medical care, treatment, or diagnosis.
- To aid or care for the employee's "family member". For purposes of this section, "family member" shall include: father, mother, step-parent, brother, sister, spouse, domestic partner, child, or grandparents; provided that payment of basic salary during absence for this reason shall continue for no more than three (3) work days per calendar year.
- Voluntarily induced periods of physical incapacitation, provided that not more than twenty (20) days may be used in any calendar year. For purposes of this section, voluntarily induced physical incapacitation means incapacitation resulting from cosmetic surgery and non-physician directed sterilization.

- A supplementary payment to SDI or Worker's Compensation payments which, when combined with said payments, results in a maximum payment of 90% of the employee's regular salary.

### **Sick Leave Allowance**

Upon completion of 90 days continuous service, all regular employees shall have a sick leave allowance of 7.25 hours for each full month of continuous employment. After completion of six (6) months of continuous service, the amount accumulated is retroactive to the date of hire.

Part-time and temporary employees are eligible for sick leave at the rate of 1 hour for every 30 hours worked.

Unused sick leave allowance may be accumulated to a maximum of 120 hours.

Each year on the last day of November, employees who have accumulated an allowance in excess of (120) hours shall be given the choice of payoff or credit to vacation of one-half (1/2) of the amount in excess of (120) hours and the remaining one-half (1/2) shall expire. If employee chooses payoff it will be included in the first pay date of December.

Sick leave allowance shall not be credited for unapproved absences or during the following absences, which extend for five (5) or more accumulated full working days:

- Approved personal or indefinite military leave of absence, unless otherwise provided by law, and approved medical leave.

Absence due to any of these causes shall be deducted from the employee's accumulated sick leave allowance, provided:

- The General Manager is notified during regular working hours as promptly as possible as to the reason for and probable duration of the absence.

Employees are required to immediately report a work-related injury/incident to their supervisor, in any event, within twenty-four (24) hours after the injury has occurred.

Upon return to work after an absence of three or more days due to personal illness, injury, or pregnancy, employees will if practicable provide a written statement from the attending physician concerning the reason for the.

Sick leave shall not be used for absence on a holiday on which an employee is scheduled to work.

In no event shall paid sick leave exceed the employee's accrued sick leave allowance.

The minimum charge to an employee's sick leave allowance shall be one hour. Absence of more than one (1) hour shall be charged to the nearest full hour.



Periods of incapacity of one (1) day or more due to illness, injury, or pregnancy while an employee is on paid vacation may be charged to the employee's sick leave allowance, provided:

- The incapacity is of such a nature as to prevent the effective use of the vacation and would prevent the performance of normal duties if the employee were not on vacation.
- Notice is given to the employee's supervisor within four (4) calendar days of the onset of the incapacity or the end of the scheduled vacation period, whichever is earlier.

## **Termination**

Upon termination, payment shall not be made for any accumulated but unused sick leave.

### **8.4 Bereavement Leave**

Whenever employees are compelled to be absent from work because of the death of a member of their immediate family, no deduction shall be made from their basic salary on account of such absence, which shall not exceed three (3) days for each incident.

"Immediate family" of the employee is defined as parents, parent-in-law, stepparents, spouse, child, brother, sister, grandparents, and grandparents-in-law.

Compensation for absence due to bereavement shall not be deducted from either an employee's accumulated sick leave or vacation credits.

### **8.5 Catastrophic Illness/Injury Leave Donation Program**

The Catastrophic Illness / Injury Leave Donation Program allows employees to donate leave time to other employees that are not able to work due to a catastrophic illness or injury.

A catastrophic illness or injury means an illness or injury that is expected to incapacitate an employee for an extended period of time (at least 90 continuous working hours) and for which taking extended time off from work creates a financial hardship for the employee because he or she has exhausted all of his or her sick, vacation or other paid time off. This illness or injury may serve to incapacitate the employee or a member(s) of the employee's immediate family which requires the employee to take time off from work for an extended period of time to care for that family member(s).

## **Documentation**

The employee receiving a leave donation shall provide the District with a medical doctor's written verification that catastrophic illness or injury has occurred. Such information shall be made a part of the employee's confidential medical file and shall be covered by all applicable privacy laws.

### **8.6 Personal Leave of Absence Without Pay**

The General Manager may grant a personal leave of absence without pay of not more than two (2) calendar weeks to an employee requesting it in writing at least two (2) weeks in advance

of the requested start of the leave. If circumstances prevent such advance notice, this requirement may be waived.

If an unusual emergency occurs which would prevent the employee from returning to work at the end of the leave, upon formal request, the General Manager, subject to Board concurrence, may grant one (1) extension of up to two (2) calendar weeks.

## **8.7 Medical or Family Care Leave**

Under the FMLA and/or California Family Rights Act (“CFRA”), an unpaid leave of absence may be granted to employees who have worked for the EOCWD for at least 12 months, a minimum of 1,250 hours in the 12 months preceding the leave, and who are employed at a work site where 50 or more employees are employed by the EOCWD within 75 miles of that work site. Such employees may be eligible for a leave where they have a bona fide need to care for a seriously ill parent, spouse, or child, or for the birth or adoption of a child, or the placement of a foster child. In addition, eligible employees may be granted an unpaid leave of absence caused by their own serious health condition that prevents them from working. Eligible employees may qualify for Military Caregiver Leave or Military Qualifying Exigency Leave under the FMLA, as defined below. All leaves under this policy are referred to as “Medical or Family Care LOA.” Unless stated otherwise, the maximum allowable time for any Medical or Family Care LOA under this policy is 12 weeks per a rolling 12 month period. Where possible, Medical or Family Care LOAs under both FMLA and CFRA will run concurrently.

### **Employee Notice**

Employees must provide sufficient information for EOCWD to determine if the leave may qualify as a Medical or Family Care LOA, as well as the expected timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization, or continuing treatment by a health care provider, or circumstances that support the need for Military Caregiver Leave or Military Qualifying Exigency Leave as indicated below. Employees also must inform EOCWD if the requested leave is for a reason for which Medical or Family Care LOA was previously taken or certified. When possible, EOCWD requests 30 days’ notice of the need for leave in order to plan for work coverage. If 30 days’ notice is not possible, then employees must provide as much notice as practicable under the circumstances and must follow EOCWD’s call-in and/or attendance policies.

### **EOCWD Notice**

Once an employee provides sufficient information, EOCWD will notify the employee (a) whether the employee is eligible for Medical or Family Care LOA and, if so, (b) whether any additional information is required, and (c) the employee’s rights and responsibilities regarding such a leave. EOCWD will also notify an eligible employee who has requested Medical or Family Care LOA if the requested leave will be designated as FMLA/CFRA protected leave and counted against the employee’s leave entitlement.

If EOCWD determines an employee is not eligible for Medical or Family Care LOA, EOCWD will provide at least one reason for ineligibility. EOCWD will also inform the employee if it determines that the requested leave does not qualify for FMLA/CFRA protection.

Employees not eligible for a Medical or Family Care LOA may be eligible for an unpaid leave of absence due to their own disability or medical condition, which will be assessed by EOCWD on a case-by-case basis. EOCWD cannot guarantee reinstatement to employment at the conclusion of such a leave.

### **Serious Health Condition**

To qualify for a Medical or Family Care LOA, an employee must have a serious health condition. A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities. The FMLA definitions of "serious injury or illness" for current servicemembers and veterans are distinct from the FMLA definition of "serious health condition."

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three (3) consecutive calendar days combined with at least two (2) visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy (under FMLA only), or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

### **Certification of Need for Medical or Family Care Leave of Absence**

EOCWD may require an attending health care provider's certification of the employee or family member's serious health condition. EOCWD may also require periodic recertification supporting the need for leave. In any case in which EOCWD has reason to doubt the validity of any medical certification provided to support an employee's request to take Medical or Family Care LOA because of the employee's own serious health condition, EOCWD may require the opinion of a second and third health care provider consistent with state and federal law.

### **Military Qualifying Exigency Leave**

Eligible employees under FMLA may be provided up to twelve (12) weeks of leave in a rolling 12 month period when the employee has a qualifying exigency arising out of the fact that a spouse, son, daughter, or parent is on covered active duty or has been called to covered active duty in the National Guard or Reserves or Armed Forces. "Qualifying exigency" is defined by law as: (1) short-notice deployment, (2) military events and related activities, (3) childcare and school activities, (4) financial and legal arrangements, (5) counseling, (6) rest and recuperation, (7) post-deployment activities, (8) parental care, and (9) additional activities where the Company and employee agree to the leave. Time off for Military Qualifying Exigency Leave counts towards the 12-week maximum allowable time for Medical or Family Care LOA under FMLA.

### **Military Caregiver Leave**

Eligible employees under FMLA will be provided up to ten (10) days of leave during a single 12-month period to care for a covered servicemember. A covered servicemember is the employee's spouse, son, daughter, parent, or next of kin (meaning "nearest blood relative" or person "specially designated") who is a current member of the armed forces, including a member of the

National Guard or Reserves, who is undergoing medical treatment, recuperation, therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retirement list, for a serious injury or illness, and includes veterans who were members of the Armed Forces, National Guard or Reserves, any time during the past five (5) years, who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness, and was discharged or released under conditions other than dishonorable. An employee may take a maximum combined total of 26 weeks of leave for Military Caregiver Leave and Medical or Family Care Leave or Military Qualifying Exigency Leave in a single 12-month period.

### **During Medical or Family Care Leave of Absence**

When an employee is taking an unpaid Medical or Family Care LOA for the employee's own serious health condition, the employee may elect, or EOCWD may require, the use of accrued but unused vacation time and/or available sick leave, except where the employee is receiving paid leave benefits (state disability insurance, workers' compensation, or paid family leave), then the employee and EOCWD must agree on the use of sick and/or vacation time to supplement such benefits. When an employee is taking an unpaid Medical or Family Care LOA to care for a seriously ill family member, EOCWD may require the use of accrued but unused vacation time, or the employee may elect to use available sick leave. In order to use any accrued paid leave time, employees must comply with EOCWD's normal paid leave policies.

During a Medical or Family Care LOA, EOCWD will continue to pay all applicable group health insurance premiums that it ordinarily pays on behalf of the employee. Employees must continue to pay the employee portion of the insurance premium during the leave of absence. Failure by an employee to make the employee's premium payment may result in a loss of benefits. If the employee fails to return from this leave, in some circumstances, the City may attempt to recoup the cost of the insurance premiums paid on behalf of the employee during the leave.

Employees need not use their Medical or Family Care LOA entitlement in one block. Such a leave may be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt EOCWD's operations.

### **Returning to Work from Medical or Family Care Leave of Absence**

Employees returning to work upon conclusion of the Medical or Family Care LOA will be returned to their original position or to an equivalent position with equivalent pay and benefits, provided such job would have been available had the employee not taken the leave. Before returning to work, where the leave of absence is for the employee's own serious health condition, the employee must provide EOCWD with certification from the attending health care provider indicating the employee is able to resume the employee's work.

Failure to return to work from a Medical or Family Care LOA on the designated date may be interpreted as the employee's voluntary resignation. If the employee returns to work outside of the legally allotted time for such a leave, the employee will only be reinstated if there is an available open position that they are qualified to fill.

## **FMLA/CFRA Protections**

Use of any of the leaves permitted by the FMLA and the CFRA cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

It is unlawful for employers to interfere with, restrain, or deny the exercise of any right provided under the FMLA or the CFRA or to discharge or discriminate against any person for opposing any practice made unlawful by either law or for involvement in any proceeding under or relating to the FMLA or the CFRA. The FMLA does not affect any federal or state law prohibiting discrimination, or supersede any state or local law or collective bargaining agreement that provides for greater family or medical leave rights.

If employees believe that they have been aggrieved, they may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

### **8.8 Job Related Injury or Occupational Disease**

Employees are required to immediately report a work-related injury/incident to their supervisor.

An employee that sustains a job-related injury or incurs an occupational disease arising out of and during the course of employment by EOCWD, will be granted a leave automatically for the full period of legal temporary disability.

### **8.9 Jury Duty Leave**

Employees shall be paid their regular salary while serving on jury duty up to ten (10) working days. Any jury duty beyond ten (10) days will have to be served under the voluntary leave of absence criteria set forth in Section 8.6 of this policy. An employee required to respond to emergency calls on the same day of completing jury duty shall be paid at their regular rate of pay.

### **8.10 Maternity Leave of Absence**

A maternity leave without pay may be taken up to one (1) calendar month before birth and extending up to three (3) calendar months following birth.

### **8.11 Voting**

Time off work for voting in general, direct primary, or presidential primary elections is in accordance with the laws of California which provide, in substance, as follows:

If an employee who is a registered voter does not have sufficient time outside working hours in which to vote, the employee may take off enough time from work, when added to available voting time outside working hours, which will enable the employee to vote. Up to two (2) hours of such time off work shall be allowed before time off is deducted from the employee's pay.

Time off from work must be at the beginning or end of the regular work day, whichever will permit the most free time for voting and the least time off work.

At least two (2) days notice, in writing, in advance of the election must be given by the employee who requests time off work to vote.

### **8.12 Insurance**

EOCWD provides health, dental, vision, life and disability insurance to regular employees and their dependents. Part-time and temporary employees are not eligible for insurance benefits. Details concerning insurance benefits are contained in separate documents that are issued from time to time to each regular employee. This document describes the provisions of the Group Policy principally affecting the persons insured. The final interpretation of any specific provisions in this booklet is governed by the terms of the Group Policy. Eligible employees and dependents are covered as follows:

Coverage of employees commences on the first of the month following completion of one full calendar month of service following the date of hire. If an employee is off work due to disability, insurance coverage starts upon the employee's return to active full-time work.

Enrolled dependents are covered on the date the employee's insurance is effective or on the date an individual becomes a dependent and is enrolled, whichever is later.

### **8.13 Retirement Plan**

EOCWD's PERS Retirement Plan provides benefits to participating employees upon retiring. The details of these benefits are set forth in separate documents issued to regular employees.

Regular employees are automatically enrolled upon employment based on PERS guidelines. Part-Time, permanent employees who work more than 1,000 hours in a year will be enrolled in PERS after attaining the requisite number of hours worked.

### **8.14 Educational Assistance**

In order to encourage employees to develop and improve their job-related skills through continuing education, EOCWD has established an assistance plan for employee education.

#### **Qualifications**

To become eligible for assistance, employees must:

- Have been continuously employed at least six (6) months and successfully completed the probation period unless an exception is approved by the immediate supervisor;
- The course or program must be approved by the immediate supervisor;
- Courses must be selected from those given by an accredited or approved college or school which relate directly to their present or future assignments, and do not conflict

with their regular work schedule, unless approved by the immediate supervisor; and

- Submit a written request for course or program approval.

All courses must be approved in writing by the General Manager prior to the beginning of the course.

### **8.15 Tuition Reimbursement**

Employees who receive approval for courses or a program, continue to be employed by the EOCWD, and achieve a final grade of "C" or better, will be fully reimbursed on a semester or course basis, whichever is applicable, for the cost of tuition, registration fees, and required text books.

Reimbursement will be equal to the cost requirements at the least expensive educational institution offering the same or equivalent course or program.

Original receipts from the educational institution will be required before reimbursement payment will be processed.

### **8.16 Uniform/Identification**

All employees who are provided with uniforms are required to wear them at all times on the job. Employees who are provided an identification card or badge shall carry or wear it while on the job.

## **9. LAYOFF AND RECALL**

### **9.1 Layoff**

In the event a reduction in EOCWD's labor force becomes necessary, EOCWD will determine employees who are to be laid off, with consideration given to work needs, employee's work performance, and length of continuous employment.

EOCWD shall first determine the classifications from which employees subject to layoff will be drawn. All employees in the selected classifications shall be subject to layoff, except employees who have special or unique skills essential to EOCWD operations. Part-time, temporary, and probationary employees in classifications from which positions are to be eliminated shall be subject to layoff or termination prior to regular, non-probationary employees.

Work performance shall be the primary determinant of the order of layoff among employees subject to layoff. Employees whose performance is the least satisfactory will be laid off first.

Among employees whose work performance is relatively equal, those employees with less continuous employment will be laid off first.

## **9.2 Re-Employment List**

Regular employees who have been laid off shall be placed on the employment list in the reverse order of their layoff; i.e., the last employee laid off shall be the first eligible for recall.

Employees laid off for a continuous period in excess of one (1) year shall no longer be eligible for recall, and their names shall be removed from the recall list. However, an employee may request that his name be retained on the list for an additional year if the employee request is received prior to the end of the one-year period.

## **9.3 Recall**

When new jobs are created or vacancies occur, the General Manager or designee shall determine whether there are employees on the recall list who are qualified to fill such jobs.

Employees on the recall list are eligible to be recalled in reverse order of layoff, first, to a position from which they were laid off. If no vacancies occur in their former position and if they are qualified, they are eligible for recall to another, lower position.

An employee who is offered and refuses to accept a position, from which he was laid off, shall lose all recall rights under these rules.

# **10. SAFETY**

Employees shall conduct their job duties in a safe manner in compliance with the District's written Injury and Illness Prevention Program and all CAL-OSHA rules and regulations.

At the end of each calendar year, an assessment of the safety program shall be made and reported to the Board of Directors. Should there be no OSHA Form 300 Recordable Injuries or Illnesses sustained during the year, each employee shall accrue four hours of vacation time to be used alone or in combination with other vacation hours at their discretion. The immediate supervisor shall consider causation and an employee's ability to have prevented such injury or illness in determining whether to recommend to the Board to award the bonus vacation hours.

## **10.1 Vehicle Responsibility**

Employees entering District employment may be required to operate District vehicles on a regular or semi-regular basis.

Employees operating District vehicles are responsible for the safe operation of the vehicle in accordance with the law. Most job classifications require daily or periodic operation of District vehicles. Employees who are required to operate District vehicles in the performance of their job, wither on a regular or semi-regular basis, are required to possess and maintain a valid California driver's license. All employees are required to immediately notify their immediate supervisor if license is lost, suspended, restricted, revoked, or a driving citation is received while driving a District motor vehicle. Violation of this policy may result in suspension or termination of employment at the discretion of the District. The District's



insurance carrier requires annual copies of employee's driving records be made available for District review.

## **11. GRIEVANCE PROCEDURE**

A procedure has been established for the following purposes:

- Promoting improved employer/employee relations by establishing an appropriate means for determining the validity of a personnel matter which remains unresolved; i.e., claims by an employee that EOCWD has violated, misinterpreted, or misapplied an obligation to the employee as such obligation is expressed and written in the EOCWD's employee policies and procedures;
- Providing a method of resolving such claims as closely as possible to the point of origin and as informally as possible, and encouraging communications between supervisors and employees.

The grievance procedure is not intended to be used for:

- a) Any decision to separate the employment of an at-will management employee as described in the "General Employment Policies" section above.
- b) Any disciplinary action as described in the "Disciplinary Action" section below.
- c) Challenging the ratings in a performance evaluation.

A grievant is an employee or group of employees adversely affected by an act or omission of the employer. Nothing in this grievance procedure shall be construed as applying to matters for which an administrative remedy is otherwise provided for by this Manual.

### **11.1 Procedure Steps**

#### **Step One: Immediate Supervisor**

An employee who has an unresolved matter shall first discuss it informally with his/her immediate supervisor within five (5) working days after he/she knew or reasonably should have known of the cause for the matters or issue. (Step Two is to be omitted if the immediate supervisor is the General Manager).

#### **Step Two: General Manager**

If the matter or issue is not resolved within two (2) working days after its submission in Step One, employee may submit the matter or issue in writing to the General Manager within five (5) working days thereafter. The General Manager shall meet with the employee within two (2) working days after submission of the matter or issue and shall deliver his/her answer in writing to the employee within two (2) working days after such meeting.

### **Step Three: Operations Committee of the Board of Directors**

If the matter or issue is not resolved in Step Two, the employee may submit it in writing to the Finance and Administrative Committee of the Board of Directors within five (5) working days after receiving the matter or issue and shall deliver its answer to the employee in writing within five (5) working days after such meeting.

### **Step Four: Board of Directors**

If the matter or issue is not resolved in Step Three, the employee may submit it in writing to the Board of Directors by requesting the Finance and Administrative Committee to arrange for a hearing before the Board at its next regular meeting. This time limit may be extended to a definite date by mutual agreement of the employee and the Finance and Administrative Committee. The Board of Directors shall respond to the matter or issue at their next regular meeting following the Board's meeting at which the matter/issue was heard or as soon as mutually convenient. The decision of the Board of Directors shall be final and not subject to judicial review.

### **General Provisions**

If appeal for one of the above-described steps is not made within the time limits indicated, the matter/issue will be considered to be settled on the basis of the last decision rendered. Any matter/issue not responded to within the prescribed time limits will automatically be advanced to the next higher step unless the time limit is extended by mutual agreement.

Employees are assured freedom from reprisal for using this grievance procedure.

## **12. PERSONAL CONDUCT**

In order to safeguard the best interests of themselves, EOCWD, and the public, all employees are expected to comply with standards of conduct on the job.

In performing their work, employees may come into contact with the public, which judges the EOCWD service by the appearance and behavior of its employees and has the right to expect good manners and service. When employees encounter discourteous persons, it is especially important for them to maintain a helpful attitude. Continuing courtesy on the part of employees, in spite of an occasional irate individual, will do much to perpetuate the excellent relationship that exists between EOCWD employees and the community.

### **12.1 EOCWD Property**

Employees in possession of keys to EOCWD premises shall not permit their keys to be used by unauthorized persons, and shall not permit persons not conducting official EOCWD business or authorized Governmental or peace officers, to enter EOCWD's premises or facilities except those portions open to the public. Employees shall lock and secure gates and

buildings when they vacate them.

Every job in EOCWD requires the use of District supplies, materials, and equipment. It is the employee's responsibility to maintain District property and equipment in the best possible condition and to make the most economical use of supplies.

### **12.2 Use of Telephone**

While it is understood that the use of District telephones and cell phones for personal reasons is occasionally necessary, the privilege must not be abused, and time spent with a personal call should be kept to a minimum. Personal toll calls are not to be charged to the District, as this will be considered misappropriation of public funds.

### **12.3 Personal Use of EOCWD Property**

EOCWD vehicles and equipment shall not be utilized for personal use.

### **12.4 Use of EOCWD Residence and Residence Sites**

Use of the EOCWD residence site shall be governed by separate agreement or arrangements with the affected employee.

## **13. DISCIPLINARY ACTION**

### **13.1 Kinds of Disciplinary Action**

The following disciplinary action may be taken against any employee either by the General Manager or his designee.

- Oral or written warning.
- Suspension (an involuntary absence without pay).
- Demotion (subject to Board approval).
- Dismissal (subject to Board approval).

Demotion is defined as a reduction from a position to another position having a lower salary effected for disciplinary purposes. (Demotions resulting from employee's inability to perform required duties, organizational changes, and layoffs are not disciplinary).

Dismissal is defined as a discharge from employment with EOCWD.

### **13.2 Cause for Disciplinary Action**

Supervisors are responsible for carefully investigating those cases in which it is believed that an employee has engaged in misconduct and shall take appropriate corrective action.

It is intended that discipline be imposed primarily for corrective purposes and

to address deficiencies in work performance. The following is a non-exclusive list of causes for disciplinary action that are contrary to the employment policies and procedures of EOCWD:

- Inefficiency or incompetence.
- Willful disobedience or insubordination.
- Dishonesty.
- Consumption of alcoholic beverages or the use or possession of illegal drugs during regular work hours, including lunch hour, and reporting to work under the influence of alcohol or illegal drugs.
- Possession of weapons or firearms while on duty.
- Disorderly or immoral conduct.
- Discourteous treatment of the public.
- Conviction of a felony.
- Absence without approved leave.
- Excessive tardiness.
- Poor work attitude or neglect of duty or failure to perform any assigned task or duty.
- Actions incompatible with, or not in the best interests of, public services.
- Failure to follow safe working practices or failure to promptly report an injury.
- Threats against the District or its employees.
- Fighting or physical assault involving any other person on duty or on EOCWD premises.
- Harassing, discriminatory, or abusive conduct towards others.
- Failure to report an apparent or actual conflict of interest.
- Unauthorized outside employment.
- Working overtime without authorization
- Willful failure to read customer water meters.

Of the causes listed above, it should be noted that the following, due to the extreme seriousness of the matter, might be cause for immediate termination:

- Violation of the Drug and Alcohol Policy.
- Willful failure to read meters, or misrepresentation of any water meter reading, including use of estimates.
- Conviction of a felony.
- Possession of weapons or firearms while on duty.
- Threats against the District or its employees.
- Fighting or physical assault involving any other person on duty or on EOCWD premises.

### **13.3 Disciplinary Process**

All employees, with the exception of management, probationary, part-time, and temporary employees, shall have the right to use the procedures provided below for proposed disciplinary action.

### **Step 1: Notification of Proposed Disciplinary Action**

An affected employee shall be given prior notification of a proposed disciplinary action. Notification shall include the following:

- The disciplinary action intended.
- The specific charges upon which the action is based.
- A factual summary of the grounds upon which the charges are based.
- A copy of all written materials, reports, or documents upon which the proposed discipline is based.
- Notice of the employee's right to respond to the charges either orally or in writing to the Finance and Administrative Committee.
- Notice that failure to respond at the time specified shall constitute a waiver of the right to respond prior to final discipline being imposed.

A copy of the notice shall be sent to the Finance and Administrative Committee and the Board.

### **Response by Employee**

The employee shall have the right to respond to the Finance and Administrative Committee orally or in writing at a meeting with the Committee. The employee's timely filed response shall be considered before final action is taken.

### **Step 2: Decision**

The Finance and Administrative Committee will issue a final notice of disciplinary action within [INSERT DEADLINE, E.G. 7 CALENDAR DAYS] of the meeting, setting forth the action to be taken, the grounds for the discipline, and the employee's right to appeal to arbitration.

### **Step 3: Advisory Arbitration**

The affected employee may appeal the final decision of the Finance and Administrative Committee by submitting a written request for an arbitration hearing to the [INSERT PARTY] within 10 business days of receipt of the final notice of disciplinary action.

EOCWD shall present the employee with a list of five potential hearing officers. EOCWD and the employee will then mutually select the Hearing Officer by striking names from the list in alternating order, with the employee striking first.

The Hearing Officer has the authority to schedule hearing (or hearings), and shall coordinate with the parties in scheduling hearing dates. The Hearing Officer has the authority to issue subpoenas, compel the attendance of witnesses, and to require the production of documents.

All interested parties may: (1) call and question witnesses; (2) cross-examine opposing witnesses on any

matter, relevant to the subject matter and/or grounds identified in the appeal; (3) introduce documentary exhibits; and (4) present oral or written arguments in support of their position. The Hearing Officer is not bound to conduct a hearing according to the technical rules of evidence in civil actions. The Hearing Officer will determine the relevance, weight, and credibility of testimony, evidence, and argument. The Hearing Officer may exclude irrelevant or cumulative evidence, and may exclude any witnesses.

EOCWD bears the burden of proof, that the preponderance of the evidence supports the proposed disciplinary action. The Hearing Officer may direct the parties to submit written briefs at the conclusion of an arbitration hearing, in lieu of presenting a verbal closing statement. EOCWD shall entirely bear the expenses and fees charged by the Hearing Officer.

The Hearing Officer will issue an advisory written decision to the employee and EOCWD within 30 calendar days after the hearing date. The Hearing Officer does not have the authority to add, subtract, or modify from EOCWD's Personnel Manual, departmental policies, or any other rules or regulation.

The Board of Directors shall either uphold the advisory decision of the arbitrator, or call for a review of the matter, after which it shall issue a final decision. The Board of Director's decision is final and binding, and is subject to review in accordance with the requirements of section 1094.6 of the California Code of Civil Procedure.

## **14. Alcohol And Drug Policy**

The purpose of this policy is to establish a safe healthy working environment for all employees.

EOCWD earnestly solicits the understanding and cooperation of all employees in implementing the policies set forth herein.

### **14.1 Definitions**

Alcohol or Alcoholic Beverages - any beverage that may be legally sold and consumed and that has an alcoholic content;

Drug - any illegal drugs as defined under federal and state;

Prescribed Drug - any legal drug prescribed for the individual consuming it by a licensed medical practitioner;

### **14.2 Policy Statement**

The public has a right to expect each public employee to deliver services in a safe and conscientious manner. The use of controlled substances or alcohol by EOCWD employees in the workplace, or at such time as it may impair the employee's ability to perform required duties during working hours, creates a serious potential public liability. Therefore, in order to ensure the safety of employees, the public and the work environment, EOCWD employees must be free of potential impairment by controlled substances or alcohol.

The unlawful manufacture, distribution, dispensing, possession, use or being under the influence

of a controlled substance or alcohol by EOCWD employees in the workplace, on EOCWD premises, or in EOCWD-owned vehicles, or in personal vehicles while on EOCWD business or at such time as it may impair the employee's ability to perform required duties during working hours, is strictly prohibited.

Employees using medication prescribed by a licensed physician may be required to provide management with proof that such medication is safe to take while the employee is on duty. Management will have sole discretion as to whether or not it will be safe for those employees to remain on duty.

Violation of this policy shall result in disciplinary action, up to and including termination of employment.

Employees who suspect they may have a chemical dependency problem based on alcohol or controlled substance are encouraged to utilize EOCWD's Employee Assistance Program (EAP) before this dependency affects their employment status. Such participation in the program is voluntary and confidential. An employee's participation in the EAP shall not preclude EOCWD from taking disciplinary action for conduct that constitutes a violation of this Policy.

### **14.3 Conditions of Testing the Workforce**

Supervisors and managers are charged with the responsibility to ensure that employees are not allowed to perform hazardous duties when there is any reasonable objective indication of impairment of their ability to perform their required duties. EOCWD reserves the right to require and conduct drug or alcohol tests whenever reasonable suspicion exists that an employee is under the influence of alcohol or drugs. Refusal by an employee to submit to such testing will be considered insubordination and grounds for discipline, up to and including termination of employment.

If a supervisor or manager has a reasonable suspicion that an employee is working in an impaired condition or otherwise engaging in conduct that violates this policy, the employee will be required to take a drug and alcohol test.

"Reasonable suspicion" is defined as "the good faith belief based on specific articulable facts or evidence that an employee may have violated this policy and that substance testing could reveal evidence related to that violation." Among other things, such reasonable suspicion may be based on:

- direct observation of drug manufacture, use or possession or of the physical symptoms of being under the influence of a drug or alcohol;
- a pattern of abnormal, unsafe or erratic behavior or conduct; and
- arrest or conviction for a drug-related offense, or the identification of an employee as the focus of a criminal investigation into illegal drug possession, use or trafficking at the workplace.

Testing will be conducted by a professional medical staff and laboratory designated by EOCWD. Testing will be conducted, without cost to the employee, while the employee is "on the clock." If the employee is believed to be in an impaired condition, transportation will be provided to and

from the medical facility. Employees will be required to **consent to the test and authorize the release of information concerning the test and the results to the designated EOCWD official. Any such consent, authorization and disclosure shall be in accordance with all applicable State and federal privacy requirements.**

A positive result from a drug or alcohol test shall constitute satisfactory evidence of an employee being under the influence for purposes of establishing a violation of this Policy, and is therefore subject to disciplinary action, up to and including termination.

If a supervisor or manager has a reasonable suspicion that an employee is working in an impaired condition or otherwise engaging in conduct that violates this policy, EOCWD may also search: any vehicle brought upon EOCWD premises; any vehicle parked upon EOCWD premises; any pocket, package, purse, briefcase, tool box, lunch box, or other container brought upon EOCWD premises; or any desk, file or cabinet in the workplace.

Note: Medical screening and/or searches will not be conducted without the knowledge and consent of the Finance and Administrative Committee and/or Board of Directors. A written report for each search and/or medical screen will be prepared and submitted to the Board for review.

The District encourages employees who feel that they have developed an addiction to, dependence upon or problem with alcohol or drugs, legal or illegal, to seek assistance and rehabilitation. Assistance may be sought by contacting the General Manager.

All contacts are totally confidential and are not considered part of an employee's personnel file.

## **15. Sexual Harassment and Discrimination**

The District strictly prohibits harassment or discrimination of an individual because of that individual's sex, gender, gender identity, gender expression, race, religious creed, color, age, national origin, ancestry, marital status, medical condition, genetic information, military or veterans status, sexual orientation, physical or mental handicap or disability, or membership in any other protected classification under applicable law. Such harassment by employees and non-employees is not only unlawful, but it may result in high turnover, absenteeism, low morale and productivity, and an uncomfortable work environment. Therefore, the District will not tolerate any such harassment of its employees and will take affirmative steps to stop it.