



8:00 A.M. OPERATIONS CENTER - 1200 SOUTH GENE AUTRY TRAIL – PALM SPRINGS – CALIFORNIA

Pursuant to Government Code §54953(e), there will be no public location for attending in person. This meeting will be held virtually because state and local officials recommend measures to promote social distancing. Members of the public who wish to participate may do so by calling in at:

**Toll Free: (253) 215-8782
Meeting ID: 813 7654 6945
Passcode: 750696**

or Via Computer:

**<https://dwa-org.zoom.us/j/81376546945?pwd=S3hGT0RPOHNXMVmdm5TekVBWlJZUT09>
Meeting ID: 813 7654 6945**

Members of the public who wish to comment on any item within the jurisdiction of the Agency or any item on the agenda may submit comments by emailing sbaca@dwa.org or may do so during the meeting. Comments will become part of the Board meeting record. Board members and staff will be participating in this meeting via teleconference.

****In order to reduce feedback, please mute your audio when you are not speaking.***

De acuerdo con el proyecto de código de gobierno §54953(e), no habrá un lugar público para asistir en persona. Esta reunión se llevará a cabo virtualmente porque los funcionarios estatales y locales recomiendan medidas para promover el distanciamiento social. Los miembros del público que deseen participar pueden hacerlo llamando al:

**Número gratuito: (253) 215-8782
ID de reunión: 813 7654 6945
código de acceso: 750696**

o a través de la computadora:

**<https://dwa-org.zoom.us/j/81376546945?pwd=S3hGT0RPOHNXMVmdm5TekVBWlJZUT09>
ID de reunión: 813 7654 6945**

Los miembros del público que deseen comentar sobre cualquier tema dentro de la jurisdicción de la Agencia o cualquier tema en la agenda pueden enviar comentarios por correo electrónico a sbaca@dwa.org o pueden hacerlo durante la reunión. Los comentarios pasarán a formar parte del registro de la reunión de la Junta. Los miembros de la junta y el personal participarán en esta reunión por teleconferencia.

****Para reducir los comentarios, silencia el audio cuando no estés hablando.***

- 1. CALL TO ORDER/PLEDGE OF ALLEGIANCE** **BLOOMER**
- 2. INTRODUCTION OF NEWLY ELECTED BOARD MEMBERS**
- 3. ROLL CALL** **BACA**
- 4. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA:** Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. In addition, members of the public may speak on any item listed on the agenda as that item comes up for consideration. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
- 5. PUBLIC COMMENT ON ITEMS LISTED ON THE AGENDA:** Members of the public may also comment on items listed on the agenda that are not the subject of a public hearing at this time. Again, speakers are requested to keep their comments to no more than three (3) minutes.

6. CONSENT CALENDAR ITEMS: Items listed under the Consent Calendar are considered to be routine and will be acted upon by one motion of the Board without discussion. There will be no separate discussion on these items unless a Board Member requests a specific item to be discussed and/or removed from the Consent Calendar for separate action.

- A. Approve Minutes of the November 15, 2022 Board Meeting
- B. Approve Minutes of the December 2, 2022 Special Board Meeting
- C. Receive and File Minutes of the November 16, 2022 State Water Contractors Meeting
- D. Receive and File Minutes of the November 17, 2022 Conservation & Public Affairs Committee Meeting
- E. Receive and File Minutes of the December 15, 2022 Executive Committee Meeting
- F. Receive and File – October Water Use Reduction Figures
- G. Receive and File – November 2022 Outreach & Conservation Activities & Events
- H. Request Authorization to Continue Virtual Board and Committee Meetings for Another 30 Days Based Upon a Determination that In-Person Meetings Would Pose a Risk to Public Health (Per Government Code §54953(e))

7. ACTION ITEMS:

- A. Request Acceptance of Vasquez & Company LLP Annual Audit for 2021-2022
- B. Request Authorization for Finance Director to Execute Service Provider Master Services Agreement with Lync Consulting

8. SECRETARY-TREASURER'S REPORT (October & November 2022)

SAENZ

9. GENERAL MANAGER'S REPORT

KRAUSE

10. DISCUSSION ITEMS:

- A. Discussion on Procedure of Electing Board Officers
- B. Report on Attendance at ACWA Fall Conference
- C. Report on Attendance at Colorado River Water Users Association Conference

**RIDDELL
BLOOMER, ORTEGA
BLOOMER**

11. DIRECTORS COMMENTS/REQUESTS

12. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al
(Two Cases)
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: Mission Springs Water District vs. Desert Water Agency
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code Section 54956.9 (d) (1)
Name of Case: AT&T vs. County of Riverside

13. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

14. ADJOURN

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting is asked to contact Desert Water Agency's Assistant Secretary of the Board, at (760) 323-4971, at least 48 working hours prior to the meeting to enable the Agency to make reasonable arrangements. Copies of records provided to Board members that relate to any agenda item to be discussed in open session may be obtained from the Agency at the address indicated on the agenda.

DECLARATION OF POSTING

Pursuant to Government Code Section 54954.2, I certify that this agenda has been posted at least 72 hours prior to the meeting on the Agency's website at www.dwa.org and at the Agency's main office, 1200 South Gene Autry Trail, Palm Springs, CA.
Sylvia Baca, MMC, Assistant Secretary of the Board

**MINUTES OF THE REGULAR MEETING
OF THE
DESERT WATER AGENCY
BOARD OF DIRECTORS**

6-A

November 15, 2022

DWA Board via Kristin Bloomer, President)
Teleconference: James Cioffi, Vice President)
Joseph K. Stuart, Secretary-Treasurer)
Patricia G. Oygar, Director)
Paul Ortega, Director)

DWA Staff via Mark S. Krause, General Manager)
Teleconference: Steve Johnson, Assistant General Manager)
Esther Saenz, Finance Director)
Sylvia Baca, Asst. Secretary of the Board)
Ashley Metzger, Dir. Public Affairs & Water Planning)
Kris Hopping, Human Resources Director)
Jamie Hoffman, Senior Administrative Assistant)

Consultants via Michael T. Riddell, Best Best & Krieger)
Teleconference:

Public: Craig Ewing, Palm Springs Resident)

19565. President Bloomer opened the meeting at 8:00 a.m. and asked everyone to join her in the Pledge of Allegiance. **Pledge of Allegiance**

19566. Vice President Cioffi called upon Assistant Secretary of the Board Baca to conduct the roll call: **Roll Call**

Present: Ortega, Oygar, Stuart, Cioffi, Bloomer

19567. President Bloomer recognized the outgoing Board; Vice President Cioffi, Director Oygar and Secretary-Treasurer Stuart. She expressed appreciation for their guidance and years of service on the Board. **Recognition of Outgoing Board Directors Cioffi, Oygar and Stuart**

On behalf of DWA staff and himself, Mr. Krause thanked Vice President Cioffi, Secretary-Treasurer Stuart, and Director Oygar for their leadership and dedication serving on the Board and congratulated them on their retirement.

Director Ortega, Legal Counsel Riddell, Finance Director Saenz, and Mr. Ewing, all gave their thanks and appreciation to the outgoing Board.

19568. President Bloomer opened the meeting for public comment for items not listed on the Agenda.

**Public Comment on
Items Not on the
Agenda**

There was no one from the public wishing to address the Board for items not on the Agenda.

19569. President Bloomer opened the meeting for public comment for items listed on the Agenda.

**Public Comment on
Listed Agenda Items**

There was no one from the public wishing to address the Board for items listed on the Agenda.

19570. President Bloomer called for approval of the Consent Calendar. She noted that Consent Calendar Items 6-A through 6-G are expected to be routine and to be acted upon by the Board of Directors at one time without discussion. If any Board member requests that an item be removed from the consent calendar, it will be removed so that it may be presented separately.

**Approval of the
Consent Calendar**

- A. Approve Minutes of the November 1, 2022 Board Meeting
- B. Receive and File – Minutes of the November 8, 2022 Executive Committee Meeting
- C. Receive and File – October 2022 Activities & Events for the Public Affairs & Water Planning Department
- D. Request Authorization to Continue Virtual Board and Committee Meetings for Another 30 Days Based Upon a Determination that In-Person Meetings Would Pose a Risk to Public Health (Per AB361)
- E. Request Adoption of Resolution No. 1288 Updating Signers for U.S. Bank Accounts
- F. Request Adoption of Resolution No. 1289 Authorizing Coachella Valley District to Submit Round 2 Sustainable Groundwater Management Implementation Grant Application for Indio Subbasin Including a DWA Project
- G. Request Adoption of Resolution No. 1290 Placing in Nomination Paul Ortega as a Member of the Association of California Water Agencies Region 9 Director

- A. Approve Minutes of the 11/01/22 Board Meeting
- B. Receive & File Minutes of the 11/08/22 Executive Comm. Mtg.
- C. Receive & File October 2022 Activities & Events Public Affairs & Water Planning Dept.
- D. Request Authorization to Continue Virtual Board Mtgs. For Another 30 Days
- E. Request Adoption of Reso. No. 1288 Updating Signers for U.S. Bank
- F. Request Adoption of Reso. No. 1289 Authorizing CVWD to Submit Round 2 Sustainable Groundwater Management Implementation Grant Application
- G. Request Adoption of Reso. No. 1290 Placing in Nomination Paul Ortega as a Member of ACWA Region 9 Director

Director Ortega requested item 6D be pulled for separate discussion. Legal Counsel Riddell gave a brief explanation on how the process will work for the next 30-Days period (Per AB361).

Vice President Cioffi moved for approval of Consent Calendar Items 6-A thru 6-G. After a second by Director Ortega, the motion carried unanimously by the following roll call vote:

AYES: Ortega, Oygar, Stuart, Cioffi, Bloomer
 NOES: None
 ABSENT: None
 ABSTAIN: None

19571. President Bloomer and Director Ortega noted their attendance at the National Water Resources Association conference recently held in Santa Barbara.

Discussion Item:
Director's Report on Attendance at NWRA Conference

19572. President Bloomer called upon General Manager Krause to provide an update on Agency operations.

General Manager's Report

Mr. Krause provided an update on Agency operations for the past several weeks.

19573. At 9:00 a.m., President Bloomer convened into a Teleconference Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al (Two Cases); (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; et al; and (C) Existing Litigation, Pursuant to Government Code Section 54956.9 (d) (1), AT&T vs. County of Riverside.

Closed Session:
A. Existing Litigation – ACBCI vs. CVWD, et al. (2 Cases)
B. Existing Litigation – MSWD vs. DWA Agency et al
C. Existing Litigation - AT&T vs. County of Riverside

19574. At 9:29 a.m., General Manager Krause reconvened the meeting into open session and announced there was no reportable action taken.

Reconvene – No Reportable Action

19575. In the absence of any further business, General Manager Krause adjourned the meeting at 9:30 a.m.

Adjournment

Sylvia Baca
Assistant Secretary of the Board

**MINUTES OF THE SPECIAL MEETING
OF THE
DESERT WATER AGENCY
BOARD OF DIRECTORS**

December 2, 2022

DWA Board via	Kristin Bloomer, President)
Teleconference:	James Cioffi, Vice President)
	Joseph K. Stuart, Secretary-Treasurer)
	Paul Ortega, Director)

Absent:	Patricia G. Oygar)
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DWA Staff via	Mark S. Krause, General Manager)
Teleconference:	Steve Johnson, Asst. General Manager)
	Esther Saenz, Finance Director)
	Sylvia Baca, Asst. Secretary of the Board)

Public:	Jeff Bowman, Desert Hot Springs resident)
	Gerald McKenna, Desert Hot Springs resident)

19576. President Bloomer opened the meeting at 8:00 a.m. and asked everyone to join her in the Pledge of Allegiance. **Pledge of Allegiance**

19577. President Bloomer called upon Assistant Secretary of the Board Baca to conduct the roll call: **Roll Call**

Present: Ortega, Stuart, Cioffi (arrived at 8:04 a.m.), Bloomer

Absent: Oygar

19578. President Bloomer opened the meeting for public comment. **Public Comment**

Mr. Bowman stated he looks forward to serving on the DWA Board. Mr. Bowman

Due to technical issues on Mr. McKenna's end, he was not able to provide comment. Mr. McKenna

19579. President Bloomer called for approval of Consent Item 4-A, Request authorization to continue virtual Board and Committee meetings for another 30 days based upon a determination that in-person meetings would pose a risk to public health (per AB361).

Approval of Consent Item

A. Request author. to continue virtual Board & Committee meetings for another 30 days based upon a determination that in-person meetings would pose a risk to public health (per AB361)

Director Stuart moved for approval of Consent Item 4-A. After a second by Director Ortega, the motion carried by the following roll call vote:

AYES: Ortega, Stuart, Cioffi, Bloomer
 NOES: None
 ABSENT: Oygar
 ABSTAIN: None

19580. Director Ortega congratulated the newly elected Board.

Director's Comments

President Bloomer, outgoing Vice President Cioffi and outgoing Secretary-Treasurer Stuart welcomed and congratulated those newly elected.

19581. In the absence of any further business, President Bloomer adjourned the meeting at 8:10 a.m.

Adjournment

Sylvia Baca
 Assistant Secretary of the Board

STATE WATER CONTRACTORS MEETING

November 17, 2022

I. ENERGY OBJECTIVES UPDATE

- (a) SB 49 report on flexible resources – back and forth with Governor’s office, now on his desk, when approved it will go to the Legislature as required by statute
- (b) Pumpback operations – evaluating water pumped from Thermolito Afterbay back up to Oroville for on-peak generation and to help meet temperature requirements in the Delta
- (c) “Energy Roadmap” study completed – DWR will prepare a funding dashboard that shows possible funding options
- (d) Identify locations where hydro generation can potentially be tied back to a pumping plant – Devil Canyon power to Pearblossom Pumping Plant found not to be cost effective
- (e) Energy legislation – looking for funding opportunities to fund SB 49 report
- (f) SB 1020 – as drafted would have required DWR to purchase green energy for all Contractors, but amended to remove most troublesome provisions
 - Even as amended, will still cost more than \$1 Billion, looking for funding
 - Lodi Power Plant investment must be unloaded at significant expense

II. BOARD ACTION ITEM

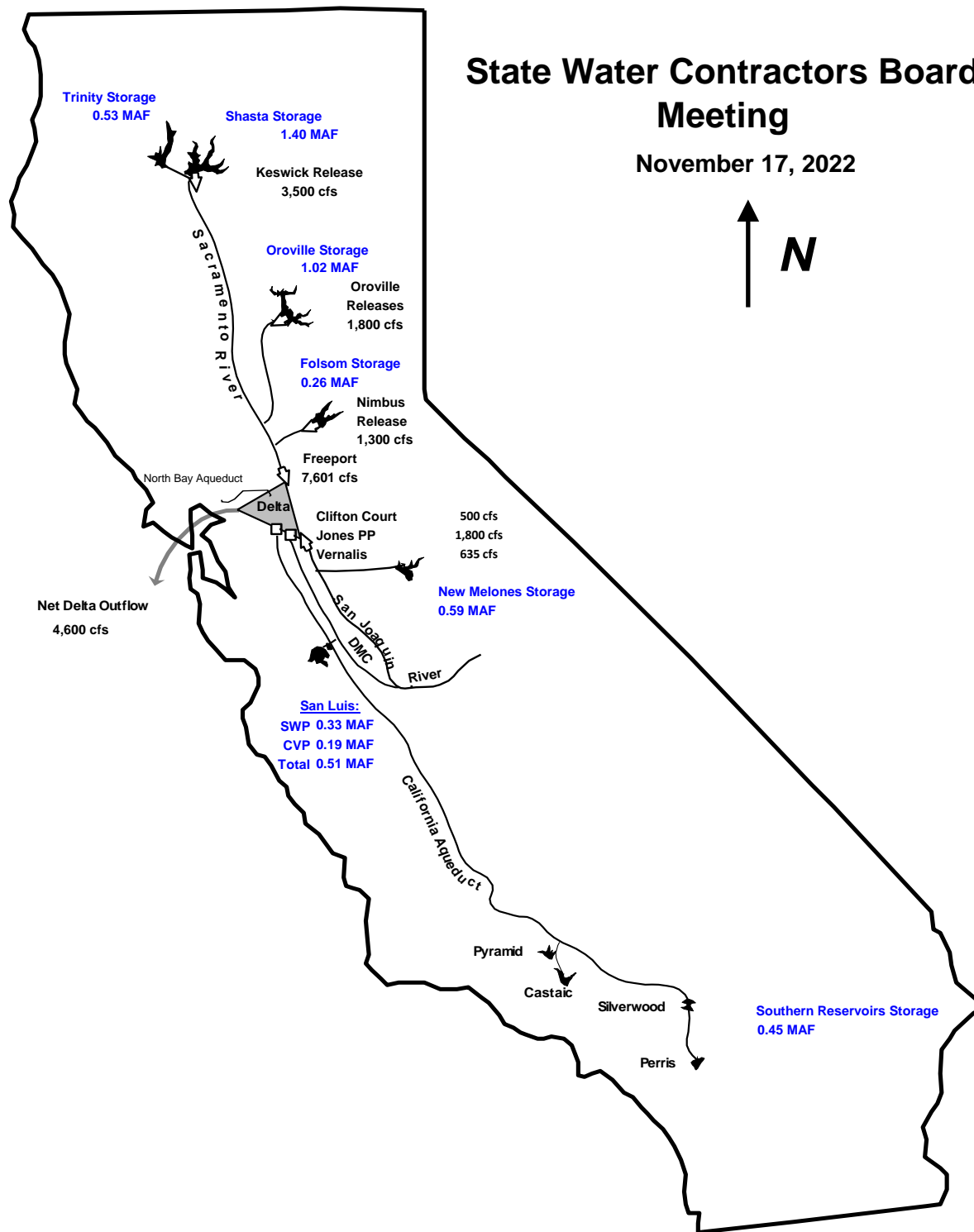
- (a) SWC Board approved \$141,000 contract with Bicher, Castillo & Fairbanks to do more outreach and conduct a poll on the Delta tunnel project

III. SWP WATER SUPPLY

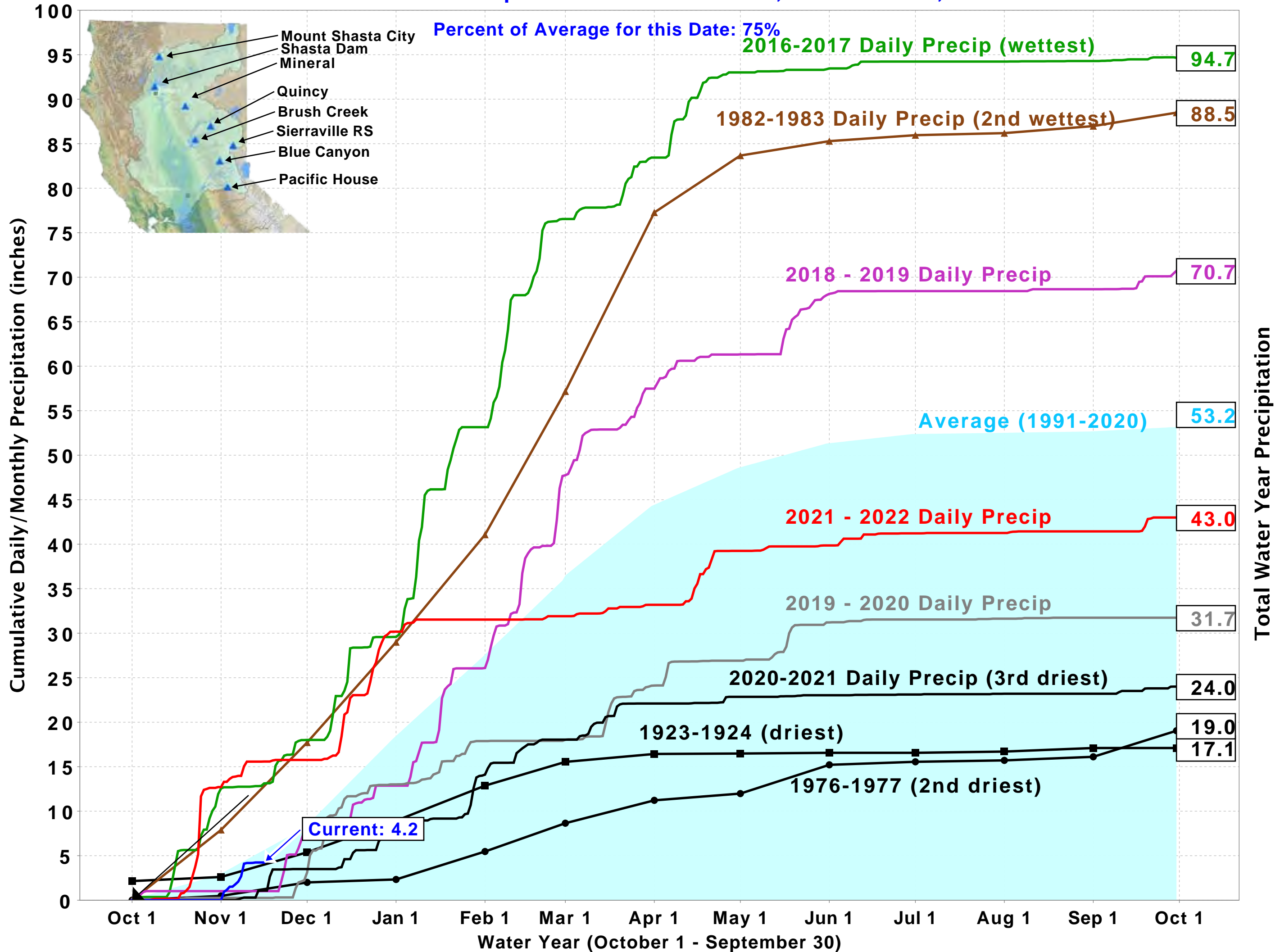
- (a) Oroville storage at 1.2 MAF (57% of historical average)
- (b) San Luis Reservoir storage at 510 TAF, State share at 330 TAF (52% of historical average)
- (c) Northern Sierra precipitation at 4.2 inches (slightly below average)
- (d) San Joaquin precipitation at 4.0 inches (about average)
- (c) Tulare precipitation at 3.5 inches (a little above average)
- (d) Recent storm did not produce runoff, but helped to saturate the watershed

State Water Contractors Board Meeting

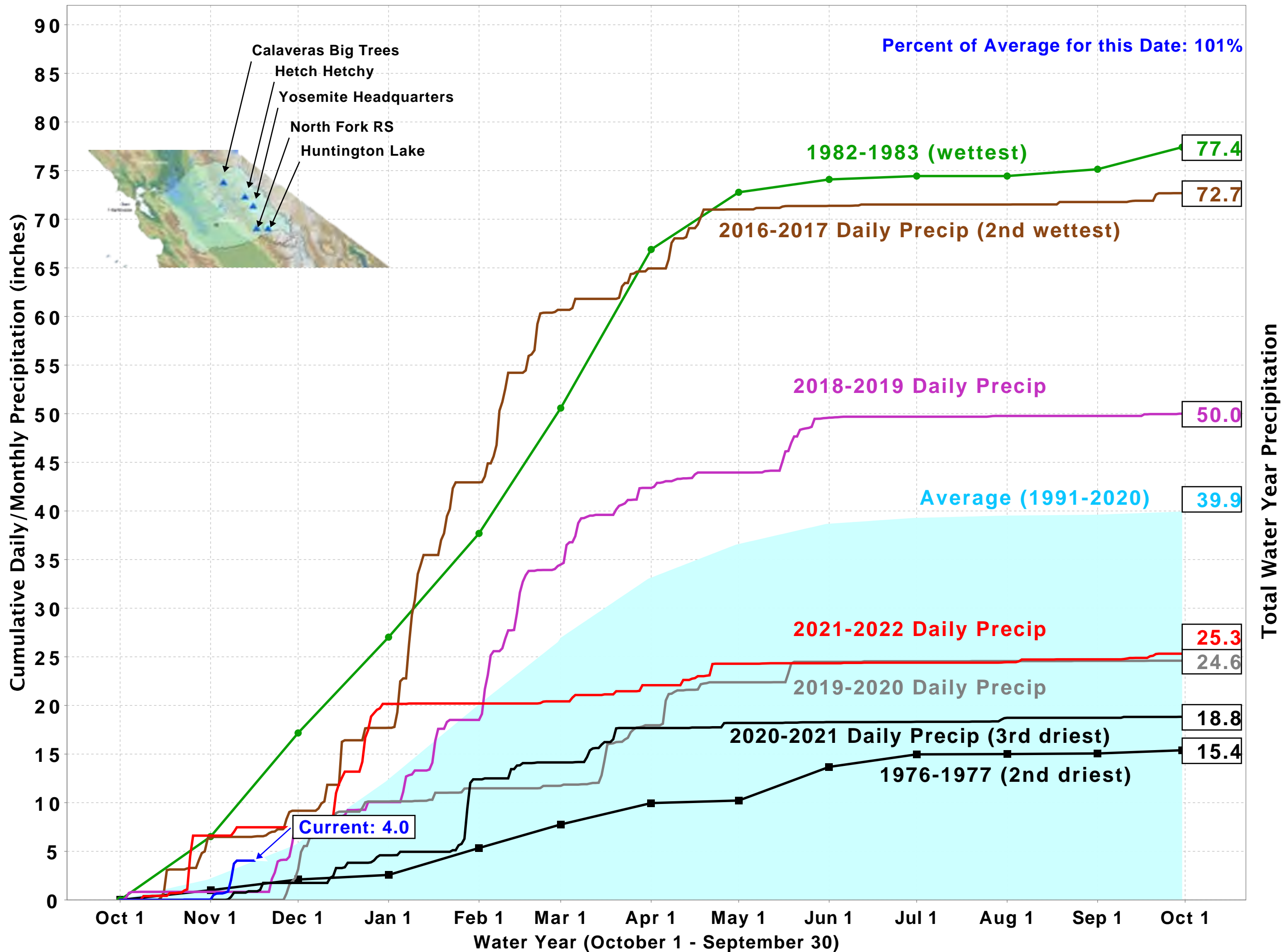
November 17, 2022



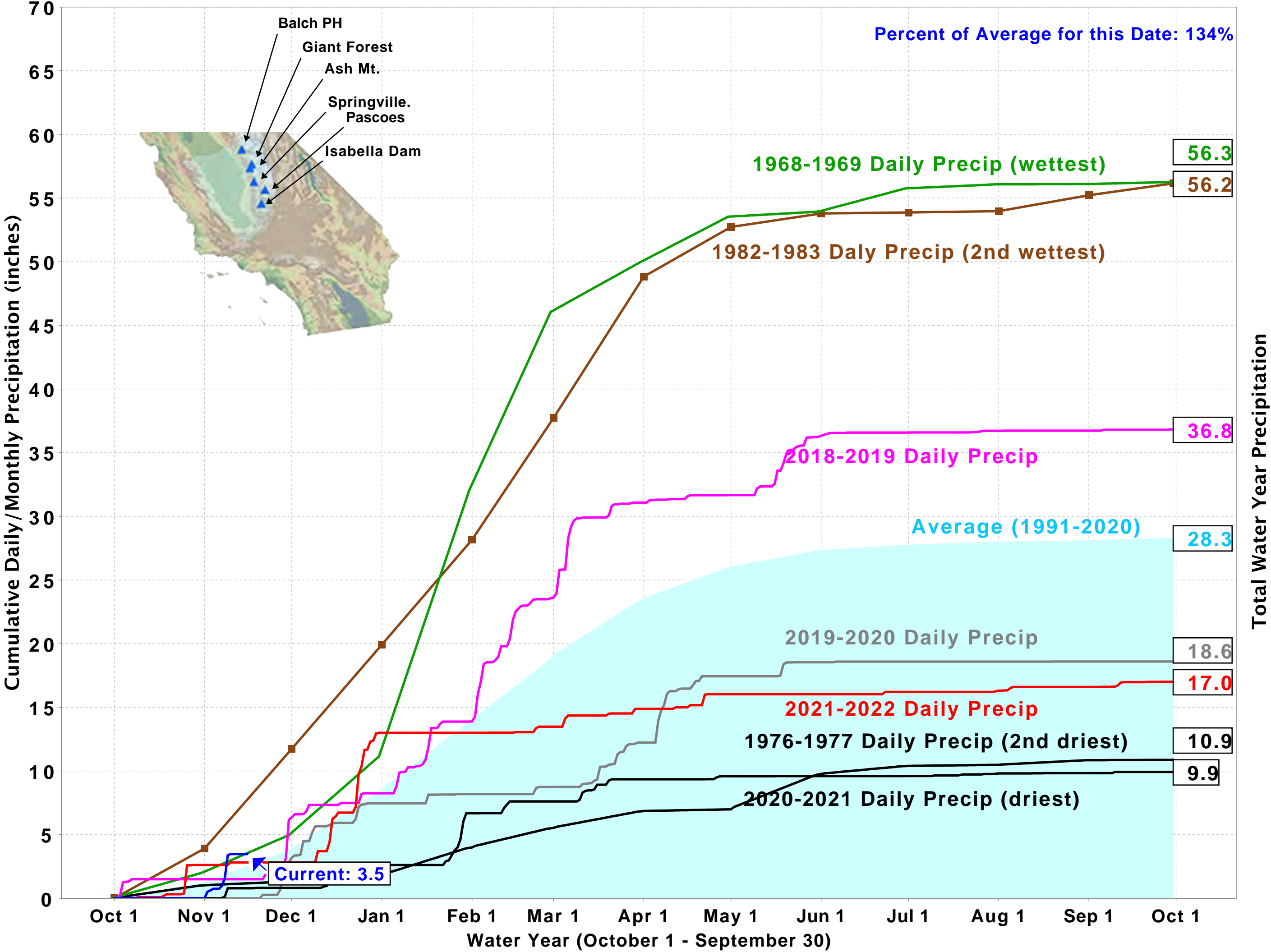
Northern Sierra Precipitation: 8-Station Index, November 16, 2022



San Joaquin Precipitation: 5-Station Index, November 16, 2022



Tulare Basin Precipitation: 6-Station Index, November 16, 2022



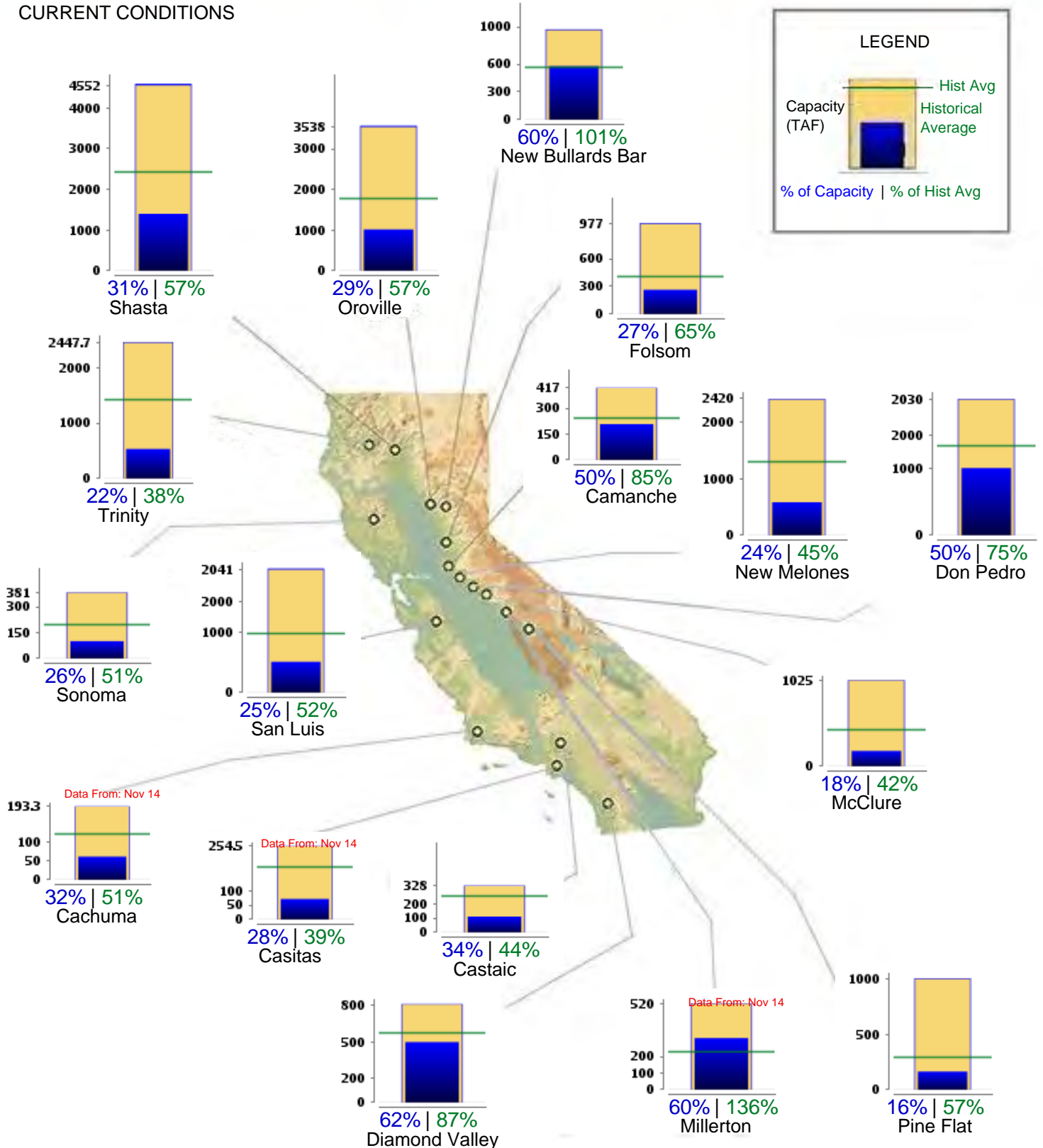


CURRENT RESERVOIR CONDITIONS

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS

Midnight - November 15, 2022

CURRENT CONDITIONS



Minutes
Conservation & Public Affairs Committee Meeting
November 17, 2022

Directors Present: James Cioffi, Paul Ortega

Staff Present: Mark Krause, Ashley Metzger, Clark Elliott

Public Present: None

Call to Order

1. Public Comments

None.

2. Discussion Items

A. Grass Removal Program Appeals

The Committee discussed two grass removal program appeals. The Committee granted the appeal for Mr. Weisberg and denied the appeal for Mr. Strugala. The Committee noted that Mr. Weisberg's appeal included very unique circumstances and was not precedent setting.

B. Conservation Update

Staff presented the latest information about incentive program budgets, the City of Palm Springs turf program and the disadvantaged community turf program. The Committee discussed program and staffing details..

C. Water Waste Enforcement Update

Staff shared recent water waste statistics and the number of third, fourth and fifth citations. The Committee discussed what the response has been to date and the need to maintain enforcement levels.

D. Outreach Update

The Committee reviewed recent outreach and several planned outreach projects.

E. HOA Information Sharing

The Committee discussed whether the Agency may need a policy to guide information sharing for HOA accounts. After discussing the existing practices, the Committee directed staff to develop a policy only if staff felt it would improve operations.

Adjourn

Minutes
Executive Committee Meeting
December 15, 2022

Directors Present: Kristin Bloomer, Paul Ortega
Staff Present: Mark Krause, Steve Johnson, Esther Saenz,
Sylvia Baca, Jamie Hoffman

Call to Order

1. Public Comments - None

2. Discussion Items

A. Review Agenda for December 20, 2022 Board Meeting

The proposed agenda for the December 20, 2002 meeting was reviewed.

Vice Chair Ortega requested the following be placed on a future agenda:

1. Report on Attendance at ACWA Fall Conference (12/20/22 Agenda)
2. Process for the election of Board officers (12/20/22 Agenda)
3. Changes to Ordinance No. 74 (Directors can request under Directors/Comments requests12/20/22 Item 11)
4. Board payment frequency (Finance Director Saenz will be presenting this item at the January 17, 2023 Board meeting)
5. Update on Sites project expenditures (General Manager Krause and Finance Director Saenz will have an update on a future agenda)
6. Update on in person Board/committee meetings (Vice Chair Ortega will pull 12/20/22 Agenda Item 6-H for discussion)

B. Expense reports

The expense reports for October and November were reviewed.

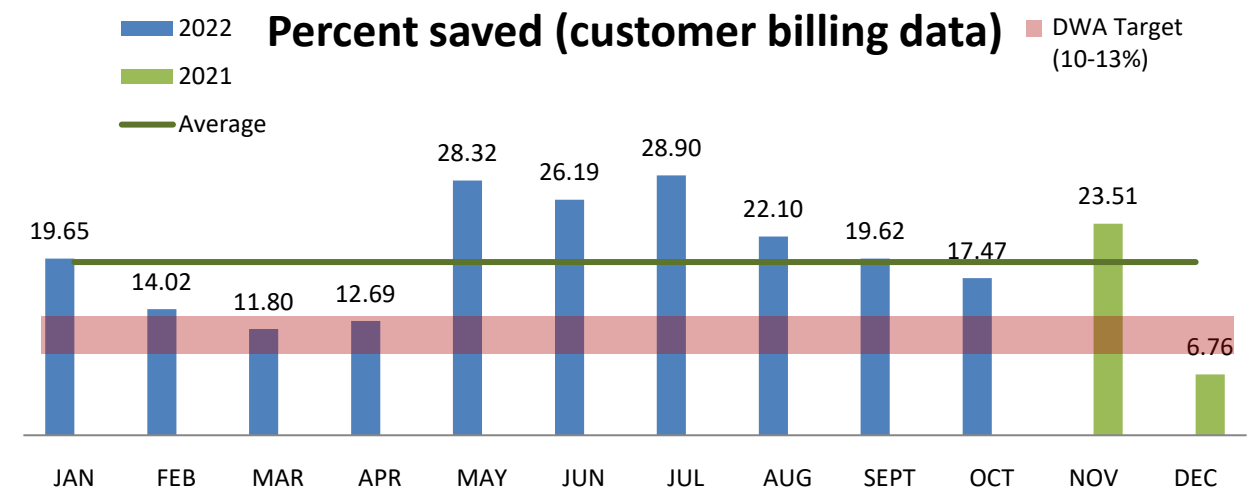
Adjourn

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

DECEMBER 20, 2022

RE: OCTOBER 2022 WATER USE REDUCTION FIGURES

Desert Water Agency customers reduced water consumption per meter by 17.5% during October 2022 compared to the same month in 2013 – the baseline year the State Water Resources Control Board (State Water Board) used to measure statewide conservation achievements during the last drought.



Over the past 12 months, the percent saved over 2013 is trending at about 19%. DWA is asking its customers to voluntarily save 10-13% compared to 2013 to help achieve long-term sustainability.

The State Water Board has required water suppliers to implement Level 2 of their Water Shortage Contingency Plans to reduce water use by up to 20% with the Governor specifically requesting 15%. Water production (water from well and stream sources) was down 11.8% in October 2022 compared to October 2020 (the State's baseline). DWA is encouraging and incentivizing conservation to reach State water use reduction goals.

As part of its efforts, DWA reached out to customers actively discouraging overseeding. On the following page is additional information for this month.

October 2022 conservation per meter percentage	17.47%
October 2022 consumption per meter	45.31 HCF
October 2013 consumption per meter	54.90 HCF
October 2022 gross consumption conservation percentage	11.08%
October 2022 metered potable consumption	2498.40 AF
October 2013 metered potable consumption	2809.58 AF
The percentage of the Total Monthly Potable Water Production going to residential use only for the reporting month	67.93%
Population (projected based on number of active residential meters and inclusive of seasonal residents)	74,037
Estimated R-GPCD	269.11
Number of public complaints of water waste or violation of conservation rules received during the reporting month.	102
Number of contacts with customers for actual/alleged water waste or for a violation of conservation rules.	18
Number of field visits for water waste follow up.	61
Number of citations for violation of conservation rules.	8

**DESERT WATER AGENCY
OUTREACH & CONSERVATION
ACTIVITIES**

NOVEMBER 2022

Activities

- 11/2 Staff attended a GIS Esri Advantage program meeting.
- 11/3 Xochitl Peña was on a live segment with KESQ.
- 11/3 Staff attended a meeting with DWR on aerial imagery for Water Use Objectives.
- 11/7 Staff attended a CV Water Counts Special Meeting.
- 11/7 Staff met with incentive program provider.
- 11/9 Xochitl Peña attended the ONE-PS meeting and provided a DWA update.
- 11/10 Xochitl Peña was on a live segment with KESQ.
- 11/15 Staff attended a CV Water Counts Monthly Meeting.
- 11/15 Staff met regarding drought relief grant, including grass removal.
- 11/17 Xochitl Peña was on a live segment with KESQ.
- 11/17 President Bloomer and Ashley Metzger attended the DHS State of the City event.
- 11/17 Staff met with the representatives from the Prescott Preserve.
- 11/17 The Conservation and Public Affairs Committee convened a meeting.
- 11/18 Xochitl Peña recorded a radio interview with Joey English.
- 11/18 Ashley Metzger attended the November's Reservoir Committee Meeting.
- 11/21 Staff met with the City of Palm Springs on grass removal.
- 11/21 Ashley Metzger met on stakeholder engagement with CV-SNMP.
- 11/22 Staff met on Primary Research to support DWA 2.0 efforts.
- 11/28 Staff attended an Annual Water Supply/Demand Assessment Media Briefing.
- 11/28 Staff met with incentive program provider.
- 11/30 Staff trained City of Palm Springs staff in incentive processing system.

Public Information Releases/eblasts/Customer Notifications

- 11/2 Latest News on Website – DWA hosts MPX (Monkeypox) vaccine clinic.
- 11/3 Nextdoor – Desert Water Agency construction starting on November 7th.
- 11/18 Latest News on website – DWA hosts blood drive.

Upcoming Events

1/28 - Palm Springs Health Run & Wellness Festival

Conservation Programs

Grass Removal:

63 Inspections
23 Projects pre-approved
40 Projects given final approved

Devices:

16 Washing machine rebates requested
9 Washing machine rebates approved

9 Smart controller rebates requested
8 Smart controller rebates approved

100 Nozzles requested for rebate
800 Nozzles approved for rebate

100 Toilet rebates requested (commercial only)
100 Toilet rebates approved (commercial only)

Water waste:

156 Total complaints submitted
23 Contacts to customers
46 Site inspections
16 Citations
0 citations waived

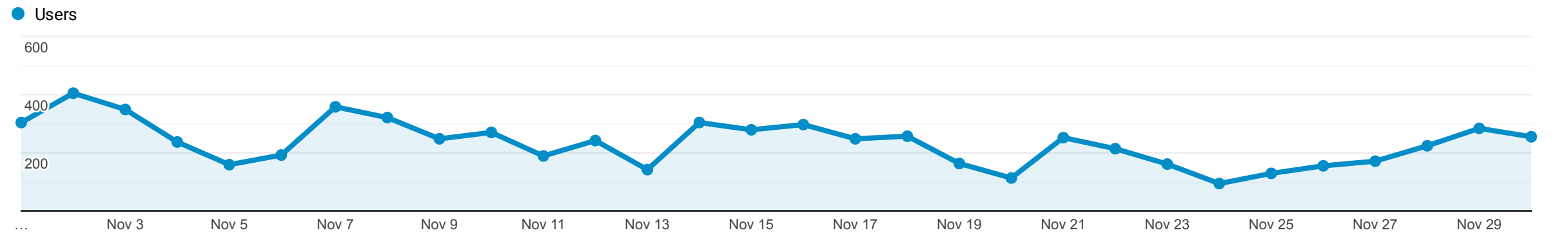
Audience Overview

All Users

100.00% Users

Nov 1, 2022 - Nov 30, 2022

Overview



Users

5,951

New Users

5,228

Sessions

7,760

Number of Sessions per User

1.30

Pageviews

14,350

Pages / Session

1.85

Avg. Session Duration

00:01:28

Bounce Rate

58.38%

New Visitor

Returning Visitor

Language		Users	% Users
1.	en-us	5,569	93.58%
2.	en-ca	153	2.57%
3.	en-gb	73	1.23%
4.	en	68	1.14%
5.	es-us	13	0.22%
6.	en-au	9	0.15%
7.	es-419	6	0.10%
8.	es-es	6	0.10%
9.	en-in	5	0.08%
10.	zh-tw	4	0.07%

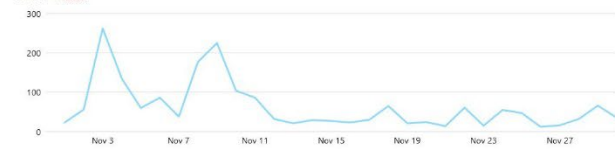
Desert Water Agency Facebook & Instagram Analytics November 2022



Reach

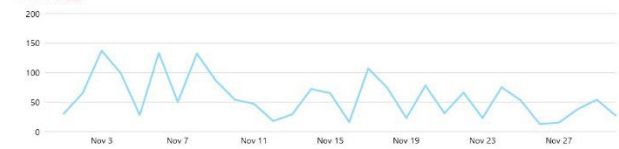
Facebook Page reach ⓘ

918 ↓ 43.6%



Instagram reach ⓘ

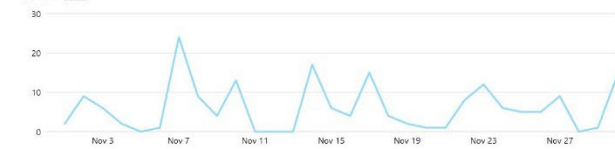
665 ↓ 11%



Page and profile visits

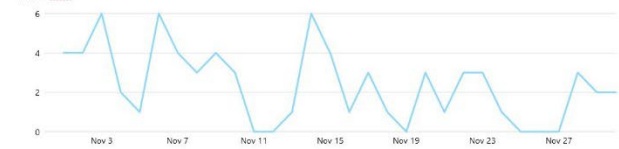
Facebook Page visits ⓘ

180 ↓ 34.1%



Instagram profile visits ⓘ

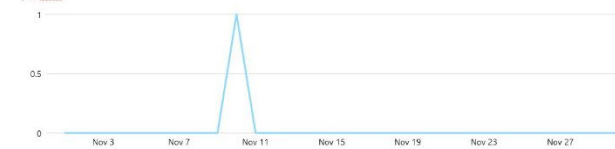
71 ↓ 39.8%



New likes and follows

Facebook Page new likes ⓘ

1 ↓ 83.3%


























New Instagram followers ⓘ
















8 ↓ 38.5%



Desert Water Agency Facebook & Instagram Analytics November 2022

	For #GivingTuesday, considering supporting a nei... desertwateragency	Boost post	Post	Tue Nov 29, 10:02am	63 People reached	1 Likes	--	--	0 Comments	0 Shares
	For #GivingTuesday, considering supportin... Desert Water Agency	Boost unavailable	Post	Tue Nov 29, 10:00am	95 People reached	3 Reactions	--	--	0 Comments	1 Shares
	Blood supplies are critically low. Stop by th... Desert Water Agency	Boost unavailable	Post	Mon Nov 28, 9:38am	51 People reached	4 Reactions	--	1 Link clicks	0 Comments	0 Shares
	Stop by the Lifestream Blood Drive from 9 a.m. - ... desertwateragency	Boost post	Post	Mon Nov 28, 8:30am	55 People reached	2 Likes	--	--	0 Comments	0 Shares
	Skip the long lines! Click on our link in bio to find ... desertwateragency	Boost post	Post	Fri Nov 25, 10:02am	58 People reached	2 Likes	--	--	1 Comments	0 Shares
	Skip the long lines and get freebies and dis... Desert Water Agency	Boost unavailable	Post	Fri Nov 25, 10:00am	50 People reached	3 Reactions	--	--	0 Comments	0 Shares
	We are thankful for our community and our team... desertwateragency	Boost post	Post	Thu Nov 24, 10:02am	107 People reached	7 Likes	--	--	0 Comments	0 Shares
	We are thankful for our community and ou... Desert Water Agency	Boost unavailable	Post	Thu Nov 24, 10:00am	107 People reached	11 Reactions	--	--	0 Comments	0 Shares
	The office is closed Thursday and Friday so come ... desertwateragency	Boost post	Post	Tue Nov 22, 10:02am	85 People reached	3 Likes	--	--	0 Comments	0 Shares
	The office is closed Thursday and Friday so ... Desert Water Agency	Boost unavailable	Post	Tue Nov 22, 10:00am	85 People reached	5 Reactions	--	--	0 Comments	0 Shares
	Congrats Sunrise East! The HOA decided to skip ... desertwateragency	Boost post	Post	Sun Nov 20, 2:15pm	99 People reached	5 Likes	--	--	0 Comments	0 Shares
	Congrats Sunrise East! The HOA decided t... Desert Water Agency	Boost unavailable	Post	Sun Nov 20, 9:15am	40 People reached	4 Reactions	--	--	0 Comments	0 Shares
	Getting ready for a feast? Remember not t... Desert Water Agency	Boost unavailable	Post	Fri Nov 18, 12:00pm	79 People reached	4 Reactions	--	--	0 Comments	0 Shares
	Getting ready for a feast? Remember not to put f... desertwateragency	Boost post	Post	Fri Nov 18, 9:45am	82 People reached	2 Likes	--	--	0 Comments	0 Shares
	We were happy to attend the Desert Hot Springs ... desertwateragency	Boost post	Post	Thu Nov 17, 3:30pm	155 People reached	15 Likes	--	--	0 Comments	1 Shares
	We were happy to attend The City of Dese... Desert Water Agency	Boost unavailable	Post	Thu Nov 17, 3:24pm	68 People reached	7 Reactions	--	--	0 Comments	0 Shares
	DWA is hosting an MPX (Monkeypox) Clinic from ... desertwateragency	Boost post	Post	Tue Nov 15, 2:01pm	74 People reached	2 Likes	--	--	0 Comments	0 Shares
	DWA is hosting an MPX (Monkeypox) Clini... Desert Water Agency	Boost unavailable	Post	Tue Nov 15, 11:13am	50 People reached	4 Reactions	--	--	0 Comments	0 Shares
	Are your sprinklers old school? Upgrade today wi... desertwateragency	Boost post	Post	Mon Nov 14, 10:02...	87 People reached	4 Likes	--	--	0 Comments	0 Shares
	Are your sprinklers old school? Upgrade to... Desert Water Agency	Boost unavailable	Post	Mon Nov 14, 10:00...	39 People reached	3 Reactions	--	--	0 Comments	0 Shares
	Thanks to all veterans for your service, especially ... desertwateragency	Boost post	Post	Fri Nov 11, 10:02am	67 People reached	7 Likes	--	--	0 Comments	2 Shares
	Thanks to all veterans for your service, esp... Desert Water Agency	Boost unavailable	Post	Fri Nov 11, 10:00am	82 People reached	9 Reactions	--	--	1 Comments	0 Shares
	Congrats Palm Oasis! The HOA decided to skip o... desertwateragency	Boost post	Post	Thu Nov 10, 2:01pm	71 People reached	3 Likes	--	--	0 Comments	2 Shares

Desert Water Agency Facebook & Instagram Analytics November 2022

	Congrats Palm Oasis! The HOA decided to ... Desert Water Agency	Boost unavailable	Post	Thu Nov 10, 12:00pm	37 People reached	4 Reactions	--	--	0 Comments	0 Shares
	It's cooling down – be sure to dial down your irrig... desertwateragency	Boost post	Post	Wed Nov 9, 10:02am	66 People reached	3 Likes	--	--	0 Comments	0 Shares
	It's cooling down – be sure to dial down yo... Desert Water Agency	Boost unavailable	Post	Wed Nov 9, 10:00am	79 People reached	7 Reactions	--	--	2 Comments	0 Shares
	Rain alert! Remember to keep your sprinkl... Desert Water Agency	Boost unavailable	Post	Tue Nov 8, 11:16am	248 People reached	11 Reactions	--	--	3 Comments	1 Shares
	Rain alert! Remember to keep your sprinklers off f... desertwateragency	Boost post	Post	Tue Nov 8, 11:09am	90 People reached	4 Likes	--	--	0 Comments	0 Shares
	Have you voted yet? DWA is a public agency run ... desertwateragency	Boost post	Post	Tue Nov 8, 8:15am	117 People reached	6 Likes	--	--	0 Comments	0 Shares
	Have you voted yet? DWA is a public agen... Desert Water Agency	Boost unavailable	Post	Tue Nov 8, 8:08am	47 People reached	3 Reactions	--	--	0 Comments	0 Shares
	Changing clocks? Check the batteries on your irri... desertwateragency	Boost post	Post	Sun Nov 6, 10:01am	173 People reached	8 Likes	--	--	0 Comments	0 Shares
	Changing clocks? Check the batteries on y... Desert Water Agency	Boost unavailable	Post	Sun Nov 6, 10:00am	66 People reached	5 Reactions	--	--	0 Comments	0 Shares
	Happy Pride Week! Grab a can of water at ... Desert Water Agency	Boost unavailable	Post	Fri Nov 4, 10:00am	98 People reached	8 Reactions	--	--	0 Comments	0 Shares
	Happy Pride Week! Grab a can of water at the Pri... desertwateragency	Boost post	Post	Fri Nov 4, 8:05am	109 People reached	9 Likes	--	--	1 Comments	0 Shares
	Interested in joining our team? DWA is hiring an ... desertwateragency	Boost post	Post	Thu Nov 3, 2:01pm	182 People reached	12 Likes	--	--	0 Comments	0 Shares
	Interested in joining our team? DWA is hiri... Desert Water Agency	Boost unavailable	Post	Thu Nov 3, 12:00pm	377 People reached	12 Reactions	--	13 Link clicks	2 Comments	3 Shares
	DWA is hosting an MPX (Monkeypox) Clinic from ... desertwateragency	Boost post	Post	Wed Nov 2, 10:18am	87 People reached	4 Likes	--	--	0 Comments	1 Shares
	DWA is hosting an MPX (Monkeypox) Clini... Desert Water Agency	Boost unavailable	Post	Wed Nov 2, 10:00am	145 People reached	8 Reactions	--	1 Link clicks	0 Comments	1 Shares

Reach

Post reach

2.1K

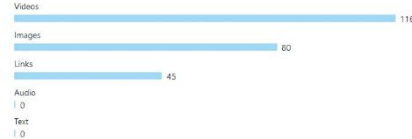
↓ 48.2%

Total from last 90 days vs 90 days prior



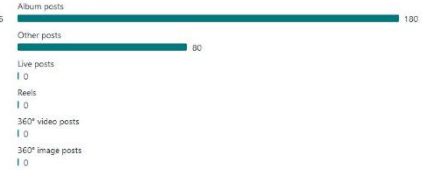
Median post reach per media type

For posts created in the last 90 days



Median post reach per content format

For posts created in the last 90 days



Engagement

Post reactions, comments and shares

546

↑ 33.8%

Total from last 90 days vs 90 days prior



Median post reactions, comments and shares per media type

For posts created in the last 90 days



Median post reactions, comments and shares per content format

For posts created in the last 90 days



nextdoor



Desert Water Agency

1200 S Gene Autry Trl, Palm Springs

Desert Water Agency is the water utility for the Palm Springs area including outlying county areas, Desert Hot Springs, part of Cathedral City and Palm Springs. It is our responsibility to provide a safe, reliable water supply to the area we serve while protecting See more...

mapbox

Desert Water Agency

36,559 members
24,797 claimed households
143 neighborhoods

Invite



Desert Water Agency

Public Affairs & Water Planning Coordinator Ernye Valenciano • 3 Nov



Desert Water Agency Construction. Starting on November 7th - 22nd Desert Water Agency crews will be performing service line improvements along E. Tahquitz Canyon Way as indicated on attached map.

In addition, service line improvements will be made on Nov. 22nd along E. Arenas Rd See more...

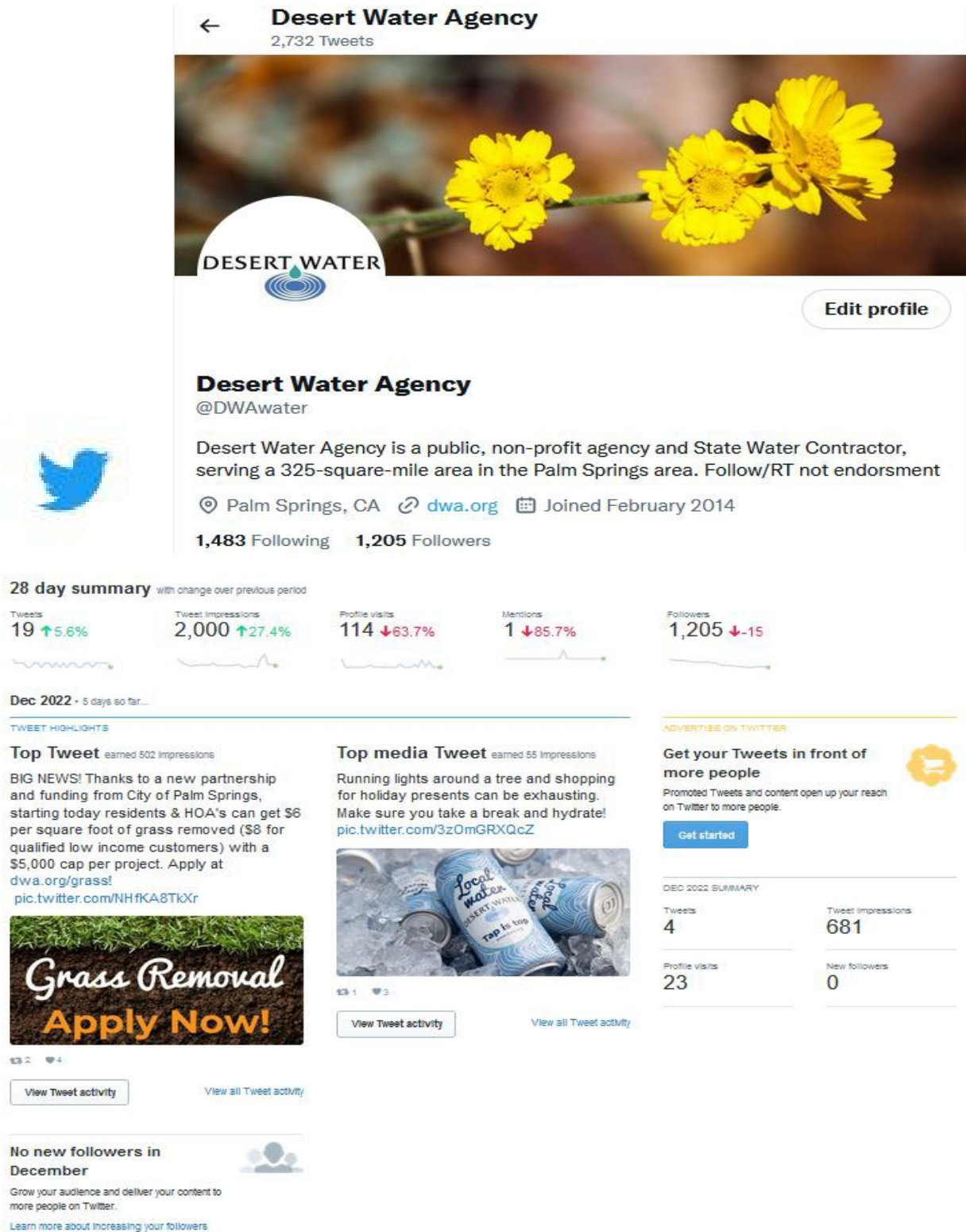


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Desert Water Agency Twitter Analytics November 2022



**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

DECEMBER 20, 2022

**RE: REQUEST AUTHORIZATION TO CONTINUE VIRTUAL BOARD
AND COMMITTEE MEETINGS FOR ANOTHER 30 DAYS BASED
UPON A DETERMINATION THAT IN-PERSON MEETINGS WOULD
POSE A RISK TO PUBLIC HEALTH (PER GC §54953(E))**

The Board of Directors has previously authorized the continuation of virtual Board and Committee meetings for another 30-day period in accordance with the provisions of AB 361, now in accordance with Government Code Section 54953(e).

The Board of Directors may elect to continue conducting virtual meetings if it makes its own specific findings that meetings in person would pose a health threat to those in attendance, or when other regulatory bodies having jurisdiction within the Agency's service area recommend social distancing for the protection of people who otherwise might attend those meetings in person. The Board must make that determination every thirty days in order for meetings to be conducted virtually.

Therefore, it is recommended that the Desert Water Agency Board of Directors authorize Board and Committee meetings to be conducted virtually for the next ensuing 30-day period based upon the following facts and determinations:

- The California Department of Public Health and the County of Riverside continue to recommend social distancing as a result of the COVID-19 state of emergency. They also strongly recommend wearing a mask for all individuals in most indoor settings.
- The Centers for Disease Controls and Prevention (CDC) recommends social distancing in high transmission areas.
- State officials have issued orders imposing or recommending social distancing measures for certain individuals and in certain situations.
- Due to the COVID-19 emergency, meeting in person would present risks to the health and safety of attendees.

Fiscal Impact:

None

Recommendation:

Staff recommends that the Board of Directors authorize the continuation of virtual Board and Committee meetings for another 30 days based upon a determination that in-person meetings would pose a risk to public health (Per Government Code Section 54953(e)).

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

DECEMBER 20, 2022

**RE: REQUEST ACCEPTANCE OF VASQUEZ & COMPANY LLP
ANNUAL AUDIT FOR 2021-2022**

Roger Martinez, Elisa Stilwell and Emer Fabro of Vasquez & Company LLP will be in attendance at today's meeting, at which time, they will present their report on the Audit of Desert Water Agency's financial activities for Fiscal Year 2021-2022 and will answer any questions the Board may have with regard to the audit.

In order to maintain compliance with the Agency's Bond Issuance continuing disclosure requirements, the Agency must submit the audited financial statements by December 26, 2022.

Fiscal Impact:
None

Recommendation:
Staff has reviewed the Audit Report and recommends its acceptance.

Attachments:

1. Desert Water Agency Draft 2021-2022 Audited Financial Statements
2. Audit report presentation

DESERT WATER



**FINANCIAL REPORT
JUNE 30, 2022**

DRAFT

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Independent Auditor's Report

To the Board of Directors
Desert Water Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Desert Water Agency (the Agency), which comprise the statement of net position as of June 30, 2022, the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2022, and the changes in its net position and its 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. 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 Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities 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 Agency'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 GAAS 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 GAAS 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 Agency'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 Agency'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 on pages 4 through 23, the Schedules of the Pension Plan's Proportionate Share of the Net Pension Liability and Related Ratios and Pension Plan Contributions on page 79 and the Schedules of Changes in the Net OPEB Liability and Related Ratios and OPEB Plan Contributions on page 80 be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



Required Supplementary Information (Continued)

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Glendale, California
REPORT DATE

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Desert Water Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the year ended June 30, 2022. Please read it in conjunction with the Agency's financial statements which begin on page 24.

Financial Highlights

- The Agency's net position increased \$31.7 million or 8.5 percent as a result of the year's operations.
- Total assets increased \$27.7 million mainly due to a \$21.2 million increase in cash and investments and a \$3.0 million increase in capital assets.
- Deferred outflows and inflows of resources were recorded for Pension, OPEB and Leases this year. Deferred outflows decreased \$2.0 million while deferred inflows increased \$14.9 million. The increase in deferred inflows is mainly due to the changes in market conditions and implementation of GASB 87 for leases.
- Current year operating revenues increased \$2.1 million or 4.7 percent while operating expenses increased \$0.5 million or 1.2 percent, which produced an increase in net operating income of \$1.6 million.
- Total operating expenses increased \$0.5 million or 1.2 percent. The increase in operating expenses is mainly due to a \$1.4 million increase in source of supply expense, a \$0.6 million increase in pumping, a \$0.3 million increase in reclamation expense, and a \$2.1 million decrease in administration and general expense.
- Capital contributions decreased \$0.2 million mainly due to a decrease in new and/or existing developer projects completed in the Agency's service area during the fiscal year.
- Total operating and non-operating revenues for the year were a combined \$76.7 million and total expenses were \$45.6 million.
- Non-operating revenues decreased \$7.3 million due to an increase in unrealized loss of investments due to market conditions.
- Other current assets increased \$0.5 million due to an increase in customer work order deposits.
- See accompanying charts for revenue and expense details, as well as capital expenditures.

Using This Annual Report

This annual report consists of a series of financial statements. The statements of net position and statements of revenues, expenses, and changes in net position (on pages 24 through 27) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances.

Reporting the Agency as a Whole

Our analysis of the Agency as a whole begins on page 6. One of the most important questions asked about the Agency's finances is, "Is the Agency as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Agency as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in them. You can think of the Agency's net position - the difference between assets and liabilities - as one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the Agency's property tax base and the condition of the Agency's water facilities, to assess the overall health of the Agency.

The Agency reports in the statement of net position and the statement of revenues, expenses, and changes in net position one type of activity for the water service it provides. All Agency activities are reported in these statements.

The Agency as a Whole

The Agency's net position increased to \$405.1 million from \$373.4 million. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the Agency's activities.

Table 1
Net Position
(in Millions)

	June 30	
	2022	2021
Current and other assets	\$ 255.6	\$ 230.9
Capital assets	212.4	209.4
 Total assets	 468.0	 440.3
Deferred outflows of resources	9.4	11.4
 Total assets and deferred outflows of resources	 \$ 477.4	 \$ 451.7
 Long-term liabilities	 \$ 47.7	 \$ 67.5
Other liabilities	5.6	6.7
 Total liabilities	 53.3	 74.2
Deferred inflows of resources	19.0	4.1
Net position		
Invested in capital assets, net of related debt	212.2	191.6
Restricted (State Water Project)	94.5	72.1
Unrestricted	98.4	109.7
Total net position	405.1	373.4
 Total liabilities, deferred inflows of resources, and net position	 \$ 477.4	 \$ 451.7

The net position increased by \$31.7 million. The unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$11.3 million.

Table 2
Changes in Net Position
(in Millions)

	June 30,	
	2022	2021
Operating revenues	\$ 47.1	\$ 45.0
Operating expenses	44.8	44.3
Operating revenue (loss)	2.3	0.7
Nonoperating revenues and expenses, net	28.7	36.0
Capital contributions	0.7	0.9
Changes in net position	\$ 31.7	\$ 37.6

The Agency's operating revenues increased 4.7 percent and operating expenses increased 1.2 percent. The factors driving these results include:

- Water sales revenue increased \$1.6 million or 3.9 percent due to an increase in the water rate and decrease in water consumption due to conservation efforts.
- The source of supply expenses increased \$1.4 million mainly due to an increase in variable costs for the State Water Project as a result of increased water deliveries as compared to the prior year and an increase in Operations, Maintenance and Replacement costs for the State Water Project.
- Pumping expenses increased \$0.6 million mainly due to increased power costs.
- General and administrative expenses decreased \$2.1 million mainly due to decreased pension and other post-employment benefit costs.
- Nonoperating revenues decreased 19.8 percent mainly due to an increase in property tax and investment income revenue in conjunction with an unrealized loss on investments of \$10.6 million.
- Capital contributions decreased \$0.2 million as a result of a decrease in new and/or existing developer projects completed in the Agency's service area.
- The Agency had 23,441 active water services at June 30, 2022. This represents a net increase of 271 active meters during the year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the Agency had \$476 invested in a broad range of capital assets and construction in progress, including land, water transportation facilities, water storage facilities, water treatment facilities, reclamation facilities, water rights, water buildings, and equipment (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$10.5 million or 2.3 percent over last year.

Table 3
Capital Assets at Year End
(in Millions)

	June 30,	
	2022	2021
State Water Project	\$ 132.4	\$ 126.8
Mains	109.3	108.9
Wells, intakes, pumps	25.7	25.8
Water reclamation	29.6	29.6
Water transportation facilities	25.6	25.6
Wastewater transportation facilities	23.1	23.0
Hydro- electric plants	5.1	5.1
Water treatment	3.1	3.1
Services	22.7	21.6
Meters	8.0	6.9
Fire service and hydrants	17.5	17.2
Reservoirs	17.6	17.7
Structures and improvements	21.7	21.7
Building	4.1	4.1
Equipment	12.6	12.5
Land	12.1	12.1
Construction in progress	5.9	3.9
Accumulated depreciation	(263.7)	(256.2)
	<u>\$ 212.4</u>	<u>\$ 209.4</u>

This year's major additions included:

- \$5.6 million increase in State Water Project
- \$0.4 million increase in mains
- \$1.1 million increase in services
- \$1.1 million increase in meters
- \$0.3 million increase in fire services and hydrants
- \$2.0 million increase in construction in progress

Additional information regarding capital assets is provided in Note 5 of the Notes to the Financial Statements.

Debt

Long-term debt consists of Water Revenue Advanced Refunding Bonds ("WRARB") debt issue, accrued vacation, and other employee benefits at June 30, 2022.

Water Revenue Refunding Bonds, Series 2016

**Table 4
Water Revenue Advanced Refunding Bonds**

Total Water Revenue Advanced Refunding Bonds issued June 29, 2016	\$ 19,720,000
Principal debt repayment in prior years	(3,500,000)
Principal debt repayment in current year	<u>(745,000)</u>
 Water Revenue Advanced Refunding Bonds outstanding June 30, 2022	 <u>\$ 15,475,000</u>

The liability for employee benefits relates to the Agency's current employees' unused vacation and attendance bonus plan ("ABP") time and other postemployment benefits ("OPEB"). The \$24.6 million liability represents the total recorded amount due to current and retired employees at June 30, 2022.

Factors Bearing on the Agency's Future

The Agency has participated (along with Coachella Valley Water District, Metropolitan Water District, and San Geronio Pass Water Agency) in a partnership studying a potential desert aqueduct connection to the State Water Project. This potential connection remains an option to enable delivery and storage of water in the local groundwater basins.

The Department of Water Resources is in the final stages of creating a plan to address the Delta Conveyance Project and the aging and unreliable levees in the Delta. This plan will directly affect the state water contractors and the costs associated with the State Water Project.

The State Water Contractors and the Department of Water Resources are actively engaged in the State Water Project contract extension negotiations. The current contract expires in 2035 and both parties are working on extending the contract.

The Agency is participating in planning efforts for the Sites Reservoir Project along with many agricultural and municipal water providers throughout the State. The Agency is pursuing this project in order to meet its projected future increased water demands and promote water quality and environmental improvements in the Sacramento San Joaquin Delta. The Agency is working with DWR to incorporate the construction costs for this project on its State Water Project statement of charges.

It is important to recognize the potential desert aqueduct connection, the Delta Conveyance Project, the SWP contract extension and Sites Reservoir Project, as they will have a major financial impact on the Agency and its operations. Not only do the aqueduct connection, Delta conveyance project, SWP contract extension, and Sites Reservoir Project, constitute major financial transactions, but the potential financial obligations associated with the transactions are significant, thus impacting the financial statements and operations of the Agency.

Economic Factors and Next Year's Budget and Rates

The Agency's taxable assessed value (TAV) for 2021/2022 increased by \$1.8 billion (8.7 percent) over the 2020/2021 taxable assessed value. This growth rate was up from the TAV increase of 5.6 percent in 2020/2021. Over the past ten years, taxable assessed valuations have increased 5.4 percent per year on average.

The Agency continues an aggressive capital improvement and planned maintenance project program, according to the Agency's General plan, in order to address the Agency's aging infrastructure.

The current drought and conservation measures may have a negative impact on water revenues. In order to mitigate this risk, the Agency budgeted for a 5 percent reduction in consumption. Additionally, if necessary, the Board may elect to impose the Agency's Drought Rate in order to increase water revenues to meet operational needs. This, in conjunction with reserves, provides a solid financial position for the Agency.

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at: Desert Water Agency, 1200 Gene Autry Trail South, Palm Springs, California.

DRAFT

Desert Water Agency
Management's Discussion and Analysis
June 30, 2022

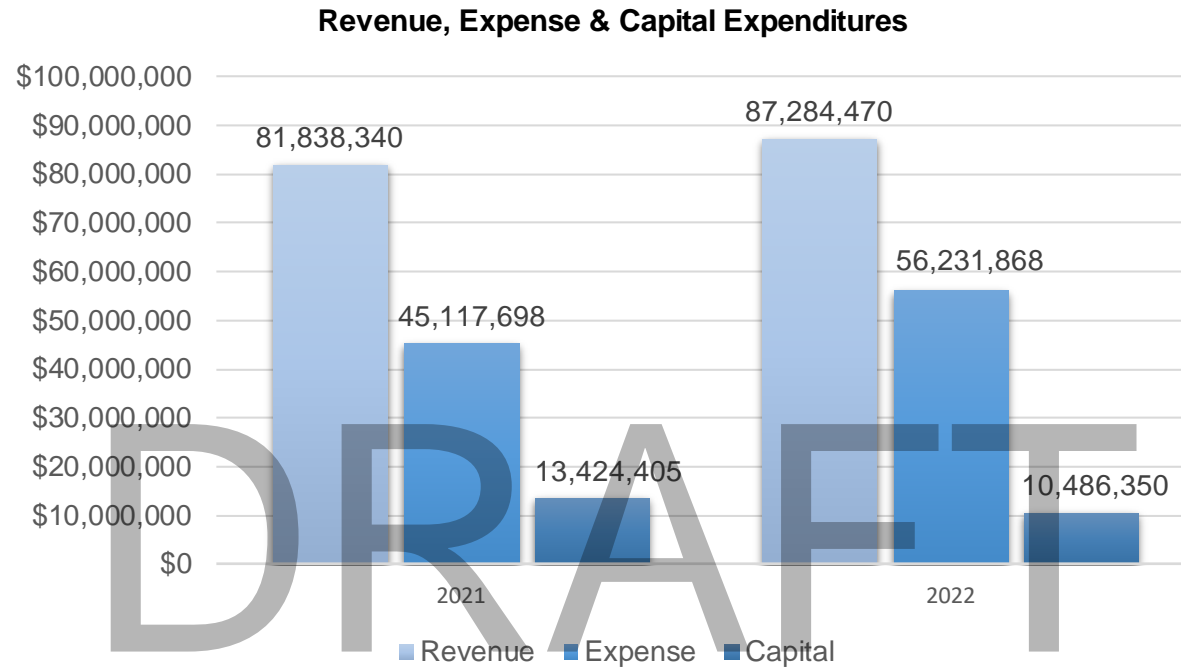
Account	2022	2021	Change	Percent Change
Statements of net position				
Capital assets	\$ 212,380,910	\$ 209,406,040	\$ 2,974,870	1.4%
Current and other assets	<u>255,673,940</u>	<u>230,934,975</u>	<u>24,738,965</u>	10.7%
Total assets	468,054,850	440,341,015	27,713,835	6.3%
Deferred outflows of resources	<u>9,364,018</u>	<u>11,324,251</u>	<u>(1,960,233)</u>	(17.3%)
Total assets and deferred outflows of resources	<u>\$ 477,418,868</u>	<u>\$ 451,665,266</u>	<u>\$ 25,753,602</u>	5.7%
Long- term liabilities	\$ 47,706,016	\$ 67,494,891	\$ (19,788,875)	(29.3%)
Other liabilities	<u>5,578,994</u>	<u>6,712,119</u>	<u>(1,133,125)</u>	(16.9%)
Total liabilities	<u>53,285,010</u>	<u>74,207,010</u>	<u>(20,922,000)</u>	(28.2%)
Deferred inflows of resources	<u>18,966,317</u>	<u>4,054,739</u>	<u>14,911,578</u>	367.8%
Net position				
Invested in capital assets, net of related debt	212,228,315	191,606,484	20,621,831	10.8%
Restricted (State Water Project)	94,523,346	72,127,998	22,395,348	31.0%
Unrestricted	<u>98,415,880</u>	<u>109,669,035</u>	<u>(11,253,155)</u>	(10.3%)
Total net position	<u>405,167,541</u>	<u>373,403,517</u>	<u>31,764,024</u>	8.5%
Total liabilities, deferred inflow of resources, and net position	<u>\$ 477,418,868</u>	<u>\$ 451,665,266</u>	<u>\$ 25,753,602</u>	5.7%

**Desert Water Agency
Management's Discussion and Analysis
June 30, 2022**

Account	2022	2021	Change	Percent Change
Statements of revenues, expenses, and changes in net position				
Operating revenues	\$ 47,134,791	\$ 45,001,732	\$ 2,133,059	4.7%
Operating expenses	(44,794,556)	(44,278,266)	(516,290)	1.2%
Operating income (loss)	2,340,235	723,466	1,616,769	223.5%
Nonoperating revenues	40,149,679	36,836,934	3,312,745	9.0%
Nonoperating expenses	(11,437,312)	(839,757)	(10,597,555)	1262.0%
Capital contributions	711,422	916,046	(204,624)	(22.3%)
Change in net position	31,764,024	37,636,689	(5,872,665)	(15.6%)
Beginning net position	373,403,517	335,766,828	37,636,689	11.2%
Ending net position	\$ 405,167,541	\$ 373,403,517	\$ 31,764,024	8.5%

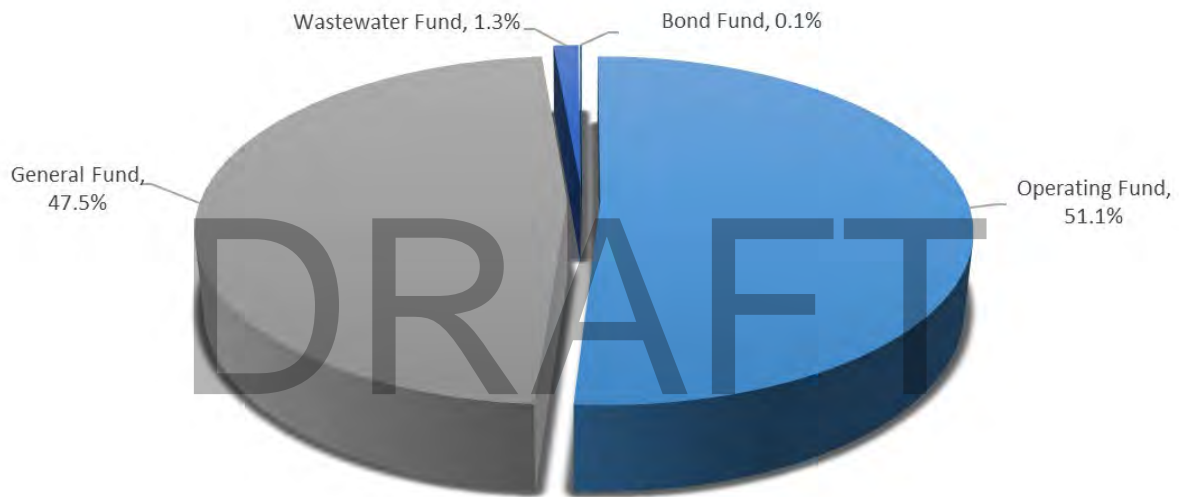
	2021 to 2022	2020 to 2021
Change in net position - invested in capital assets, net of related debt	\$ 20,621,831	\$ 7,197,947
Percent change in net position - invested in capital assets, net of related debt	10.76%	3.90%
Change in net position - unrestricted	\$ (11,253,155)	\$ 39,073,287
Percent change in net position - unrestricted	-10.26%	55.3%

Desert Water Agency
Comparison of Revenue, Expenses & Capital Expenditures
Fiscal Year Ended June 30, 2022 and 2021



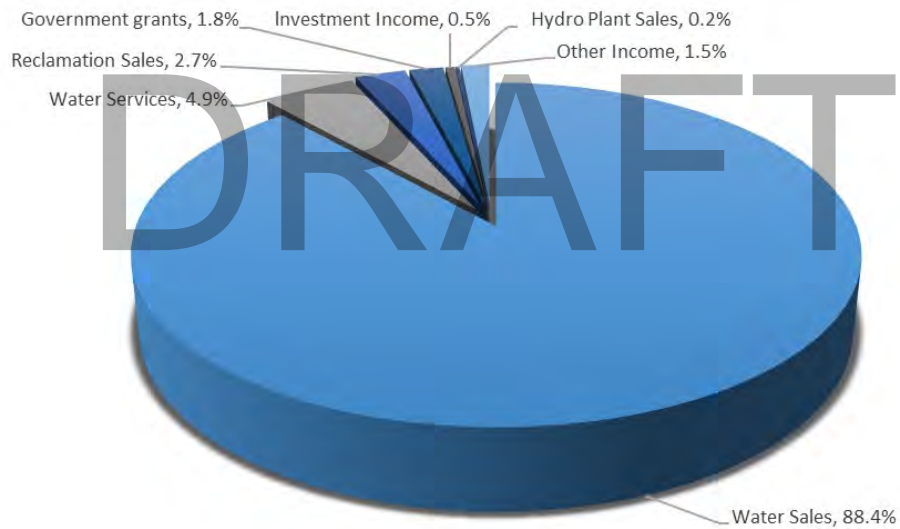
**Desert Water Agency
Source of Revenues
Fiscal Year 2021 -2022**

Fund Type	Amount	%
Operating Fund	\$ 44,584,245	51.1%
General Fund	41,441,564	47.5%
Wastewater Fund	1,157,397	1.3%
Bond Fund	101,264	0.1%
TOTAL	\$ 87,284,470	100.0%



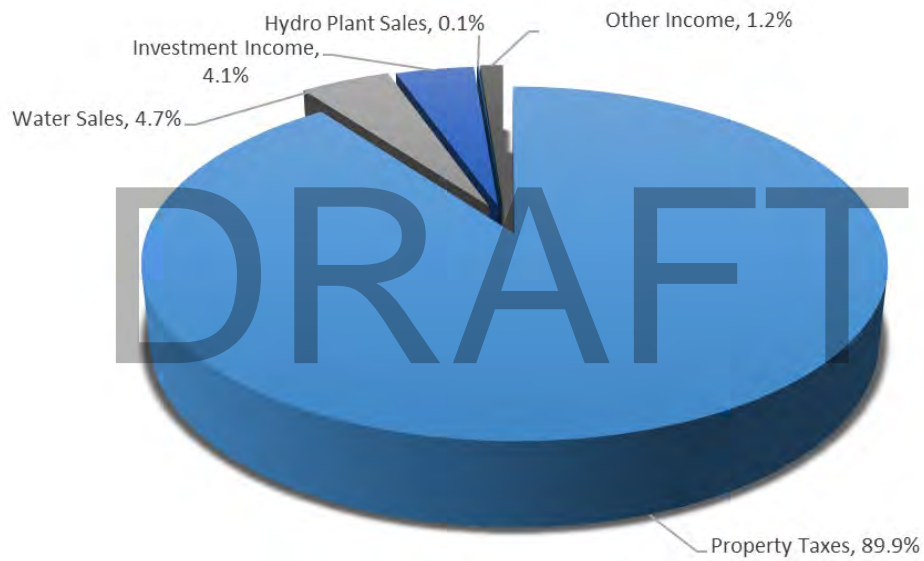
**Desert Water Agency
Operating Fund Revenues
Fiscal Year 2021 -2022**

Revenue Source	Amount	%
Water Sales	\$ 39,412,065	88.4%
Water Services	2,172,778	4.9%
Reclamation Sales	1,212,480	2.7%
Government grants	781,367	1.8%
Investment Income	232,528	0.5%
Hydro Plant Sales	97,688	0.2%
Other Income	675,339	1.5%
TOTAL	\$ 44,584,245	100.0%



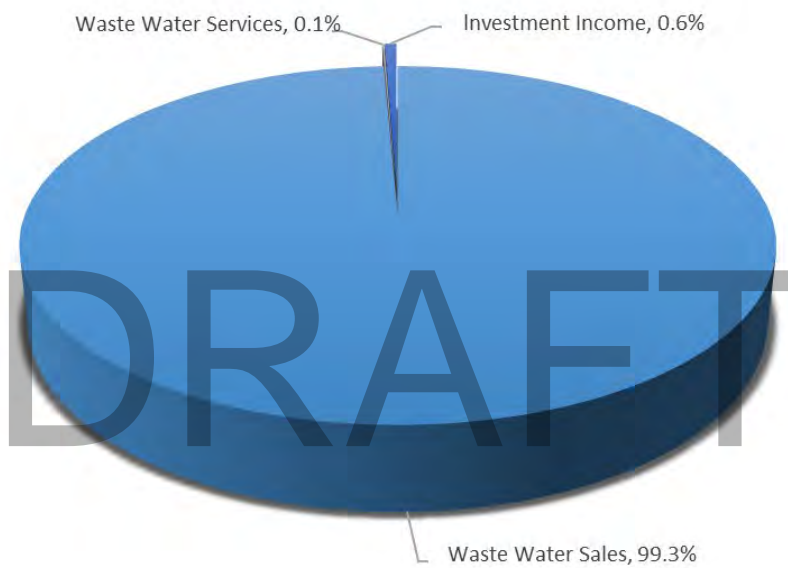
**Desert Water Agency
General Fund Revenues
Fiscal Year 2021 -2022**

Revenue Source	Amount	%
Property Taxes	\$ 37,266,049	89.9%
Water Sales	1,957,294	4.7%
Investment Income	1,716,606	4.1%
Hydro Plant Sales	10,304	0.1%
Other Income	491,311	1.2%
TOTAL	\$ 41,441,564	100.0%



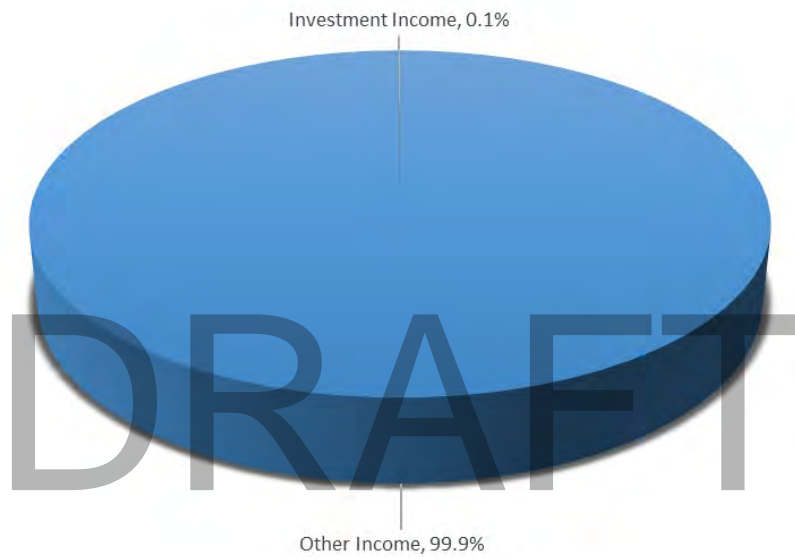
**Desert Water Agency
Wastewater Fund Revenues
Fiscal Year 2021 -2022**

Revenue Source	Amount	%
Waste Water Sales	\$ 1,150,064	99.3%
Waste Water Services	700	0.1%
Investment Income	6,633	0.6%
TOTAL	\$ 1,157,397	100.0%



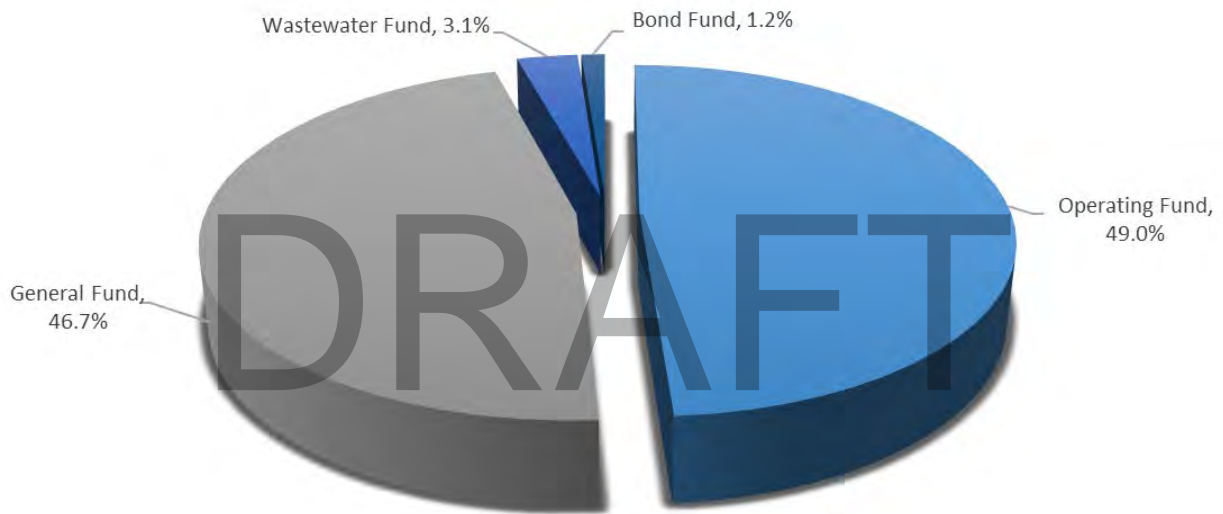
Desert Water Agency
Bond Fund Revenues
Fiscal Year 2021 -2022

Revenue Source	Amount	%
Other Income	\$ 101,222	99.9%
Investment Income	42	0.1%
TOTAL	\$ 101,264	100.0%



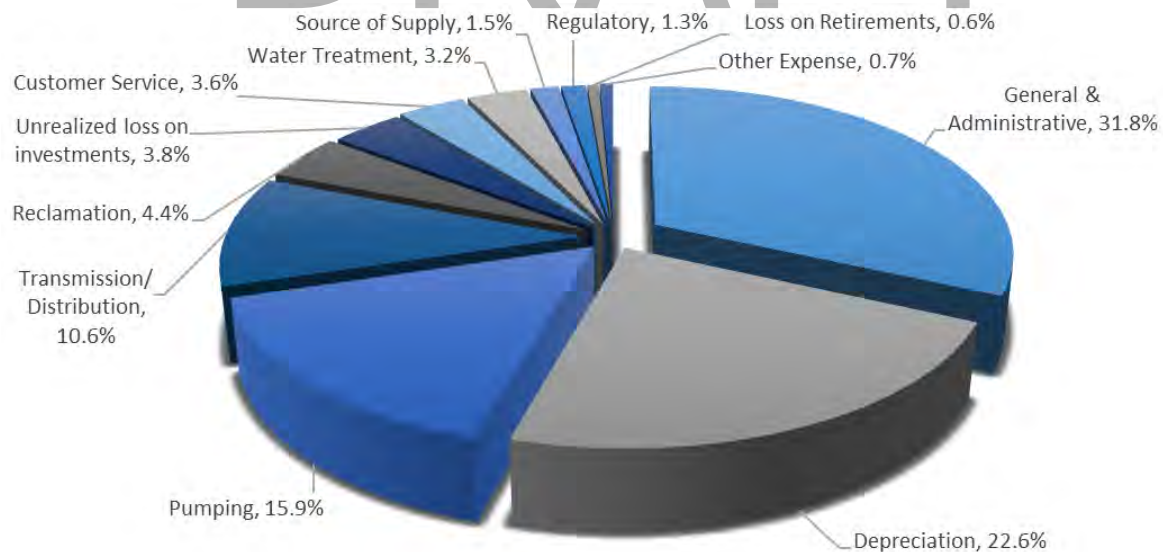
**Desert Water Agency
Expense Analysis
Fiscal Year 2021 -2022**

Fund Type	Amount	%
Operating Fund	\$ 27,550,635	49.0%
General Fund	26,300,347	46.7%
Wastewater Fund	1,717,166	3.1%
Bond Fund	663,720	1.2%
TOTAL	\$ 56,231,868	100.0%



**Desert Water Agency
Operating Fund Expenses
Fiscal Year 2021 -2022**

Expense Category	Amount	%
General & Administrative	\$ 8,758,192	31.8%
Depreciation	6,218,445	22.6%
Pumping	4,382,413	15.9%
Transmission/Distribution	2,939,952	10.6%
Reclamation	1,203,590	4.4%
Unrealized loss on investments	1,035,886	3.8%
Customer Service	991,507	3.6%
Water Treatment	869,423	3.2%
Source of Supply	424,237	1.5%
Regulatory	361,092	1.3%
Loss on Retirements	167,752	0.6%
Other Expense	198,146	0.7%
TOTAL	\$ 27,550,635	100.0%



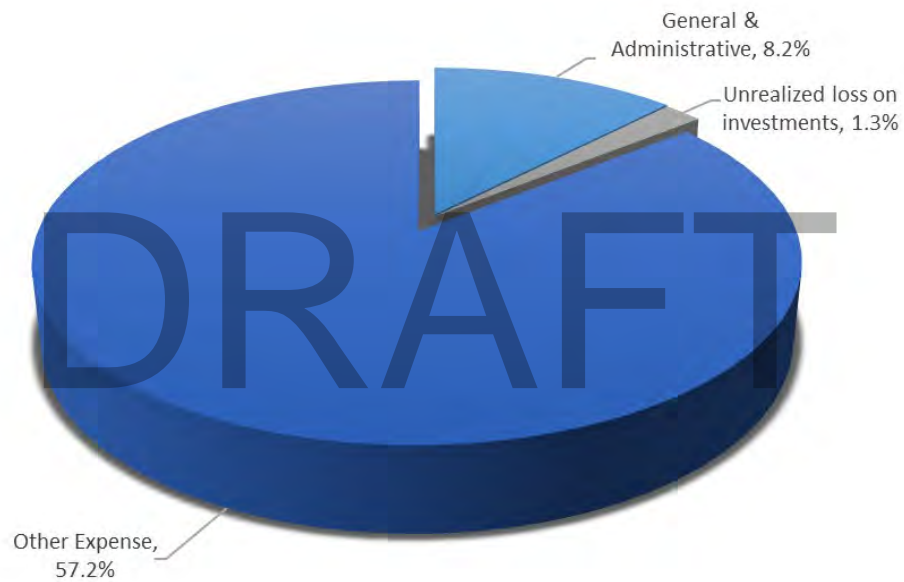
**Desert Water Agency
General Fund Expenses
Fiscal Year 2021 -2022**

Expense Category	Amount	%
Source of Supply	\$ 13,031,125	49.5%
Unrealized loss on investments	9,550,173	36.3%
General & Administrative	2,493,816	9.4%
Depreciation	1,313,753	5.0%
Customer service	2,762	0.1%
Other Expense	(91,282)	-0.3%
TOTAL	\$ 26,300,347	100.0%



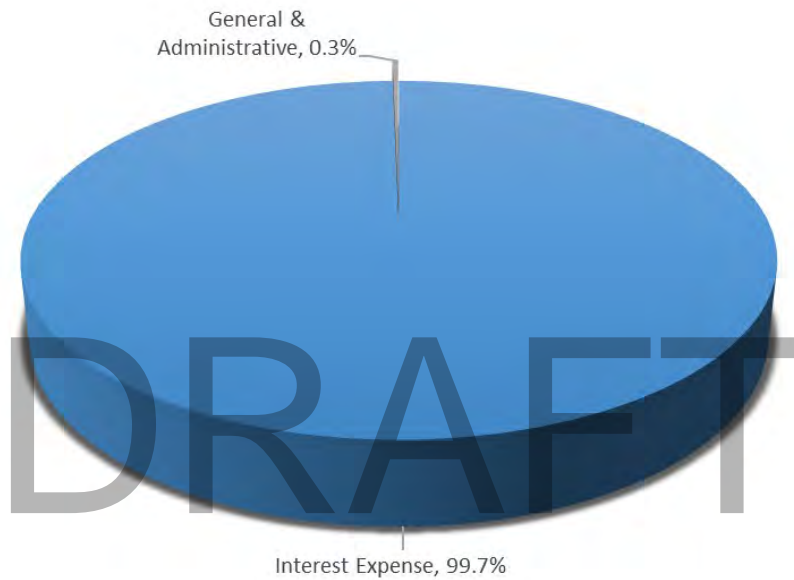
**Desert Water Agency
Wastewater Fund Expenses
Fiscal Year 2021 -2022**

Expense Category	Amount	%
Depreciation	\$ 570,970	33.3%
General & Administrative	141,847	8.2%
Unrealized loss on investments	22,052	1.3%
Other Expense	982,297	57.2%
TOTAL	\$ 1,717,166	100.0%



Desert Water Agency
Bond Fund Expenses
Fiscal Year 2021 -2022

Expense Category	Amount	%
Interest Expense	\$ 661,450	99.7%
General & Administrative	2,270	0.3%
TOTAL	\$ 663,720	100.0%



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BASIC FINANCIAL STATEMENTS

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets

Cash and cash equivalents	\$ 26,868,934
Investments	119,385,068
Accounts receivable	
Utility	3,140,376
Property taxes	937,258
Other governmental agencies	61,254
Other	153,690
Inventories	1,763,653
Lease receivable	140,108
Other current assets	<u>1,639,960</u>
 Total current assets	 <u>154,090,301</u>

Noncurrent assets

Restricted cash and cash equivalents	28,943,556
Restricted investments	70,270,591
Long-term receivables	162,394
Lease receivable	2,207,098
Capital assets, net	<u>212,380,910</u>
 Total noncurrent assets	 <u>313,964,549</u>
 Total assets	 <u>468,054,850</u>

Deferred outflows of resources

Pension related	5,033,827
Other post employment benefits (OPEB) related	3,315,939
Deferred loss on refunding	<u>1,014,252</u>
 Total deferred outflows of resources	 <u>9,364,018</u>

Total assets and deferred outflows of resources	\$ <u><u>477,418,868</u></u>
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See notes to financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities

Accounts payable	\$ 2,257,112
Payable to other governmental agencies	86,214
Current portion of long-term debt	780,000
Customer deposits	2,345,401
Other current liabilities	<u>110,267</u>

Total current liabilities	<u>5,578,994</u>
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Long-term liabilities

OPEB liability	23,161,439
Net pension liability	6,979,956
Other employee benefits payable	1,452,520
Long- term debt, net	<u>16,112,101</u>

Total long-term liabilities	<u>47,706,016</u>
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Total liabilities	<u>53,285,010</u>
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Deferred inflows of resources

Pension related	7,379,988
OPEB related	9,235,077
Lease related	<u>2,351,252</u>

Total deferred inflows of resources	<u>18,966,317</u>
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Net position

Invested in capital assets (including State Water Project costs), net of related debt	212,228,315
Restricted (State Water Project)	94,523,346
Unrestricted	<u>98,415,880</u>

Total net position	<u>405,167,541</u>
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Total liabilities, deferred inflows of resources, and net position	\$ <u>477,418,868</u>
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Desert Water Agency
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Operating revenues

Water sales	\$ 42,519,424
Water services	2,173,478
Government grants	781,367
Hydroplant revenues	107,992
Fines and fees	340,050
Reclamation sales/ services	<u>1,212,480</u>

Total operating revenues	<u>47,134,791</u>
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Operating expenses

Source of supply	13,455,362
Pumping	4,382,413
Water treatment	869,423
Transmission and distribution	2,939,952
Customer accounts	994,269
Water reclamation	1,203,590
Regulatory	361,092
Administration and general	11,396,125
Other operating expenses	1,089,162
Depreciation and amortization	<u>8,103,168</u>

Total operating expenses	<u>44,794,556</u>
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Operating income	<u>2,340,235</u>
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Nonoperating revenues

Property taxes	37,266,049
Net investment return	1,955,808
Other	<u>927,822</u>

Total nonoperating revenues	<u>40,149,679</u>
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See notes to financial statements.

Desert Water Agency
Statement of Revenues, Expenses and Changes in Net Position (Continued)
Year Ended June 30, 2022

Nonoperating expenses

Unrealized loss on investments	10,608,111
Interest expense	661,450
Losses on retirement of capital assets	<u>167,751</u>

Total nonoperating expenses	<u>11,437,312</u>
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Increase in net position, before capital contributions	<u>31,052,602</u>
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Capital contributions

Contributions of property	710,172
Capacity charges	<u>1,250</u>

Total capital contributions	<u>711,422</u>
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Increase in net position	31,764,024
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Net position

Beginning of year	<u>373,403,517</u>
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Net position, end of year	\$ <u><u>405,167,541</u></u>
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See notes to financial statements.

Desert Water Agency
Statement of Cash Flows
Year Ended June 30, 2022

Cash flows from operating activities

Cash received from customers	\$ 46,802,951
Cash paid to suppliers and employees	<u>(43,132,816)</u>
Net cash provided by operating activities	<u>3,670,135</u>

Cash flows from noncapital financing activities

Property taxes	<u>37,252,392</u>
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Cash flows from capital and related financing activities

Purchases of capital assets	(11,245,790)
Principal paid on long-term debt	(745,000)
Interest paid on long-term debt	(690,224)
Capacity charges	1,250
Other revenue	1,415,551
Proceeds from lease	<u>226,491</u>
Net cash used in capital and related financing activities	<u>(11,037,722)</u>

Cash flows from investing activities

Purchased investments	(44,580,083)
Interest on investments	<u>1,955,808</u>
Net cash used in investing activities	<u>(42,624,275)</u>

Net decrease in cash and cash equivalents

(12,739,470)

Cash and cash equivalents, beginning of year

68,551,960

Cash and cash equivalents, end of year

\$ 55,812,490

See notes to financial statements.

Desert Water Agency
Statement of Cash Flows (Continued)
Year Ended June 30, 2022

**Reconciliation of cash and cash equivalents to
statements of net position**

Unrestricted cash and cash equivalents	\$ 26,868,934
Restricted cash and cash equivalents	<u>28,943,556</u>
Total cash and cash equivalents	<u>\$ 55,812,490</u>

**Reconciliation of operating revenue to net cash
provided by operating activities**

Operating income	2,340,235
Adjustments to reconcile operating revenue to net cash provided by operating activities	
Depreciation and amortization	8,103,168
Changes in operating assets and liabilities	
Accounts receivable:	
Utility	(169,614)
Other governmental agencies	(14,236)
Other	29,863
Inventories	(466,285)
Other current assets	(525,329)
Deferred outflows - pension	629,640
Deferred outflows - OPEB	1,258,146
Accounts payable	(1,220,213)
Payable to other governmental agencies	(1,588)
Customer deposits	347,476
Other current liabilities	(293,800)
OPEB liability	(10,076,029)
Net pension liability	(8,824,134)
Employee benefits payable	(7,491)
Deferred inflows - pension	6,075,949
Deferred inflows - OPEB	<u>6,484,377</u>
Net cash provided by operating activities	<u>\$ 3,670,135</u>

Noncash capital, financing, and investing activities

Contributed capital assets	<u>\$ 710,172</u>
Unrealized loss on investments	<u>\$ 10,608,111</u>

See notes to financial statements.

NOTE 1 REPORTING ENTITY

The reporting entity includes all the funds of the Desert Water Agency (the Agency). The Agency is a special district created for the purpose of importing water and delivery of water to consumers within its service area.

The Agency and the Desert Water Agency Financing Corporation (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standards Board (GASB) Statement No. 14 (GASB 14), The Financial Reporting Entity, as amended by GASB Statement No. 39 (GASB 39), Determining Whether Certain Organizations are Component Units, for inclusion of the Corporation as a component unit of the Agency. Accordingly, the financial activities of the Corporation have been included in the financial statements of the Agency.

The following are those aspects of the relationship between the Agency and the Corporation which satisfy GASB Statement No. 39 criteria:

- A. The Corporation's board of directors was appointed by the Agency's board of directors.
- B. The Agency is able to impose its will upon the Corporation, based on the following:
 - The Corporation has no employees. The Agency's general manager functions as an agent of the Corporation. The general manager does not receive additional compensation for work performed in this capacity.
 - The Agency exercises significant influence over operations of the Corporation as it is anticipated that the Agency will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that the Agency's lease payments will be the sole revenue source of the Corporation, with the exception of interest earned in the Corporation's trust accounts.
 - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the Agency.
- C. The Corporation provides specific financial benefits or imposes specific financial burdens on the Agency based upon the following:
 - Any deficits incurred by the Corporation will be reflected in the lease payments of the Agency and any surpluses of the Corporation revert to the Agency at the end of the lease period.
 - The Agency has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

NOTE 1 REPORTING ENTITY (CONTINUED)

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on August 31, 2007. The Corporation was formed for the sole purpose of providing financing assistance to the Agency. Under an installment purchase agreement, the Corporation obtained title to certain Agency water project improvements. At the end of the installment purchase arrangement in 2037, title of all Corporation property will pass to the Agency for no additional consideration.

For financial statement presentation purposes, the Corporation's financial activity has been blended, or combined, with the financial data of the Agency.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The Agency 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 Agency is that the costs of providing goods or services to the general public on a continuing basis (including depreciation) be financed or recovered primarily through user charges. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. An enterprise fund is accounted for on the flow of economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the activity (whether current or noncurrent) are included on the statement of net position.

The Agency distinguishes operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by water sales and wastewater services while operating expenses pertain directly to the furnishing of those services. Nonoperating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and wastewater treatment services.

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

Basic Financial Statements

The basic financial statements are comprised of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the related notes to the financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Agency considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. The Agency invests funds with the State of California's Local Agency Investment Fund (LAIF). Due to the high liquidity of this investment, the funds are classified as cash equivalents. For credit risk purposes, the fund is not rated.

Restricted Cash and Cash Equivalents and Restricted Investments

Restricted cash and cash equivalents represent money paid to the Agency as a deposit for water infrastructure to be installed by the Agency on behalf of customers as well as property tax funds and replenishment assessment charges collected which are restricted for the State Water Project.

Investments

Investments are reported in the accompanying statements of net position at fair value based on the last reported sales price published on the national exchange. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Accounts Receivable

Accounts receivable are reported at their net realizable value, less an allowance for uncollectible accounts, if deemed necessary. The Agency uses the allowance method for the write-off of bad debts. The Agency considers such factors as historical trends for collections and knowledge of financial stability of debtors to establish the allowance for doubtful accounts. Receivables are written off when management determines that the amount will not be collectible. As of June 30, 2022, no allowance for uncollectible accounts receivable was considered necessary as all accounts receivable were deemed fully collectable.

Inventories

Inventories consist primarily of water meters, pipe, and pipe fittings for construction and repair to the Agency's water transmission and distribution system. Inventories are valued at cost using the average cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed. As of June 30, 2022, no reserve for inventory was deemed necessary based on management's evaluation of the Agency's inventory.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

The County of Riverside Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the Agency's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1.0 percent of countywide assessed valuations.

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

	January 1
Lien date:	On July 1 for July 1 to June 30
Levy date:	November 1 - 1st installment
Due date:	February 1-2nd installment
	December 10 - 1st installment
Collection date:	April 10 - 2nd installment

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$10,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution system	50 years
Service lines	33-1/3 years
Wells and water treatment equipment	5 to 25 years
Other equipment and vehicles	5 to 11 years

Capitalized State Water Project costs are amortized over forty-five years.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right to Use Assets

The Agency has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the term of the related leases or useful life of the underlying assets, whichever is shorter.

Employee Benefits Payable

Employees of the Agency are entitled to paid vacation and paid attendance benefits, depending on length of service and other factors. The liability for these benefits has been accrued in these financial statements. Vacation is accrued beginning on the first day of employment and ranges from 8 to 13.34 hours per month based on longevity with the Agency. The Agency is not liable to pay vacation hours accrued until the employee has been employed for six months. Employee Attendance Bonus Plan hours accrue monthly. The employees have an opportunity to earn a maximum of 80 hours per year in this plan.

Pension Accounting

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

Net Position

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

Investment in Capital Assets (including State Water Project costs), net of related debt - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.

Restricted Net Position - This component of net position consists of net position that is constrained by externally imposed requirements of creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions of enabling legislation.

Unrestricted Net Position - This component of net position does not meet the definition of restricted or net investment in capital assets.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Policies

The Agency adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (GASB 68), provides requirements for how pension costs and obligations are measured and reported in the basic financial statements. When an organization's pension liability exceeds the pension plan's net position available for paying benefits, there is a net pension liability which must be reported in the basic financial statements. In addition, GASB 68 requires that projected benefit payments be discounted to their actuarial present value using a single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to achieve that rate and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions under (1) are not met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net position. Recent Accounting Pronouncements GASB has issued the below statements which may affect the Agency's financial reporting requirements in the future. The Agency is currently evaluating its accounting practices to determine the potential impact that these statements will have on the Agency's financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

GASB has issued the below statements which may affect the Agency's financial reporting requirements in the future. The Agency is currently evaluating its accounting practices to determine the potential impact that these statements will have on the Agency's financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or fiscal year 2021. The Agency has implemented this GASB standard.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which addresses new accounting and financial reporting requirements for SBITA for governments. SBITA that were previously recognized as an outflow of resources based on the payment provisions of the contract will be recognized as an intangible right-to-use subscription asset and a corresponding subscription liability. GASB No. 96 also provides criteria for outlays other than subscription payments, including implementation costs of a SBITA. The requirements for GASB 96 are effective for reporting periods beginning after June 2022.

GASB Statement No. 98 – In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The Agency has implemented this GASB standard.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting changes and Errors Corrections – an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections, the required disclosure in the notes to the financial statements, and how information that is affected by a change in accounting principle or error correction should be presented in the required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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NOTE 3 STATE WATER PROJECT

The Agency has contracted with the State Department of Water Resources to participate in the State Water Project to convey water from Northern California into the Southern California area. This participation requires payments in varying amounts by the Agency for many years into the future, including capital costs in connection with the transportation facilities, operations and maintenance ("OMP&R") costs, and variable costs for the actual delivery of water. These future payments have been estimated at June 30, 2022 by the State Department of Water Resources through 2035 as follows:

Water system revenue bond surcharge	\$ 15,960,308
Delta water charges	69,890,625
Transportation charges:	
Capital cost component (principal and interest)	35,799,677
Minimum operations, maintenance, power, and replacement (OMP&R)	77,814,014
Variable OMP&R	119,904,529
Off- aqueduct facility charges	480,524
East branch enlargement transportation charges:	
Capital cost component	5,621,927
Minimum OMP&R	<u>7,091,969</u>
Total	\$ <u>332,563,573</u>

The Agency has been billed formally through calendar year 2023 only. The policy of the Agency is not to accrue any amounts which are due after the fiscal year-end. The payments which have been billed but are not reflected on the books and are not due until after the fiscal year-end of the Agency are approximately as follows:

NOTE 3 STATE WATER PROJECT (CONTINUED)

Capital cost component (delta water and transportation charges):	
Due July 1, 2022	\$ 2,585,824
Due January 1, 2023	1,912,536
Due July 1, 2023	1,912,536
Minimum OMP&R component:	
Water supply (delta water and transportation charges):	
Monthly payments of \$767,538 from July 1 to December 31, 2022	4,605,228
Monthly payments of \$830,788 for the calendar year 2023	9,969,441
Off- aqueduct power facilities:	
Monthly payments of \$6,741 from July 1 to December 31, 2022	40,446
Monthly payments of \$12,038 for the calendar year 2023	144,450
East Branch Enlargement Facilities:	
Monthly payments of \$42,609 from July 1 to December 31, 2022	255,654
Monthly payments of \$63,075 for the calendar year 2023	756,897
Estimated variable OMP&R component (water delivery charges):	
Monthly payments of \$504,345 from July 1 to December 31, 2022	3,026,070
Monthly payments of \$605,136 for the calendar year 2023	7,261,633
Water system revenue bond surcharge and 25 percent bond cover charge:	
Due July 1, 2022	584,946
Due January 1, 2023	695,717
Due July 1, 2023	695,714
Allocated capital costs of Tehachapi second afterbay facilities:	
Due September 1, 2022	48,278
Due March 1, 2023	48,150
Due September 1, 2023	48,150
Allocated capital costs of east branch enlargement:	
Due September 1, 2022	1,076,876
Due March 1, 2023	130,891
Due September 1, 2023	712,513
Total	\$ <u>36,511,950</u>

The Agency has committed to purchase supplemental State Water Project water supply as they become available at reasonable prices in the future. The future payments for this excess water are not determinable at this time.

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments are included in the statements of net position in the following captions:

	June 30, 2022
Cash and cash equivalents	\$ 26,868,934
Restricted cash and cash equivalents	28,943,556
Total cash and cash equivalents	55,812,490
Investments	119,385,068
Restricted investments	70,270,591
Total investments	189,655,659
	\$ 245,468,149

For purposes of the following discussion, these accounts have been classified as follows:

	June 30, 2022
Deposits	\$ 133,662
Investments	245,334,487
	\$ 245,468,149

Deposits

At June 30, 2022, the carrying amount of the Agency's deposits is \$133,662 and the bank balances were \$1,258,804.

Custodial Credit Risk

The Agency maintains deposits with financial institutions in excess of the Federal Depository Insurance Corporation's (FDIC) insurance limit of \$250,000. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit) in the Agency's name and places it ahead of general creditors of the institution. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments Authorized by the Agency's Investment Policy

Under provisions of the Agency's investment policy, adopted by Board Resolution No. 1273 in April 2022, which is in accordance with California Government Code Sections 53600 through 53686 et seq., the types of investments authorized for deposit are identified in the following table. Also following are tables identifying certain provisions of the California Government Code (or the Agency's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio	Maximum Investment in one Issuer	Maximum Credit Quality
U.S. Treasury Obligations	5 years	100%	100%	None
U.S. Agency Obligations	5 years	100%	100%	None
Local Agency Bonds	5 years	100%	100%	None
State Obligations	5 years	100%	100%	None
Bankers' Acceptances	180 days	40%	30%	None
Commercial Paper when DWA Portfolio is Under \$100mm	270 days	25%	Gov Code 53601(h)(2)(c)	Highest letter and number rating by an NRSRO
Commercial Paper when DWA Portfolio is Over \$100mm	270 days	40%	Gov Code 53601(h)(2)(c)	Highest letter and number rating by an NRSRO
Negotiable certificates of deposit (CD's)	5 years	30%	Gov Code Sect 53638	None
Non-Negotiable Certificates of deposit (CD's)	5 years	20 million one bank	Gov Code Sect 53638	None
Repurchase Agreements	1 year	100%	100%	None
Medium Term Notes of U. S. Corps. (Corporate Notes)	5 years	30%	10%	A or better
Mutual Funds and Money Market Mutual Funds	None	20%	10%	Highest letter or numerical rating
Obligations Issued by Desert Water Agency	5 years**	100%	100%	None
Local Agency Investment Fund (LAIF)	None	100%	N/A	None

* Average life of portfolio at any time shall not exceed five years.

** Unless Board approval 3 months in advance.

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Investments at June 30 in any one issuer, other than U.S. Treasury Securities and LAIF that represent 5 percent or more of the total investments of the Agency are as follows:

Issuer	Investment Type	2022
Federal Farm Credit	U. S. agency securities	\$ 29,129,257
Federal National Mortgage Association	U. S. agency securities	17,834,818
Federal Home Loan Mortgage Corporation	U. S. agency securities	25,729,692
Federal Home Loan Bank	U. S. agency securities	58,873,585
Medium Term Notes	Corporate notes	44,914,013

Interest Rate Risk

Interest rate risk is the possibility that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of highlighting exposure to interest rate risk, the fair value of all securities is calculated and reported quarterly to the board for investments. Investment fair value and effective duration (in years) at June 30, 2022 are as follows:

Authorized Investment Type	Fair Value	Duration
U.S. Agency Obligations	\$ 134,410,530	2.65
Corporate Notes	46,878,029	1.99
Negotiable CD's	1,675,138	4.26
Local Agency Bonds	3,800,712	3.03
U.S. Treasury Obligations	2,891,250	1.35

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Information about the risk that an issuer or other counterparty to an investment will not fulfill its obligations is provided by the following tables at June 30, 2022:

Authorized Investment

AAA:

Corporate Notes	\$	4,994,554
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AA (1-3):

U.S. Agency Obligations		134,410,530
Corporate Notes		21,616,153
Local Agency Bonds		3,800,712
U.S. Treasury		2,891,250

A (1-3):

Corporate Notes		20,267,322
Negotiable Certificates of Deposit		707,448

BBB (1-3):

Negotiable Certificates of Deposit		967,690
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Not Rated:

Negotiable Certificates of Deposit		-
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Exempt from Disclosure:

Local Agency Investment Funds		56,405,018
	\$	<u>246,060,677</u>

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value of Investments

GASB 72, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets as of the measurement date in active markets that the Agency has the ability to access.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 Inputs to the valuation methodology are unobservable and include situations where there is little, if any, market activity for the investment.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022:

Obligations of U.S. government agencies - Valued at the closing price reported in the active market on which the individual securities are traded.

Negotiable certificates of deposit - Valued at the closing price reported on the active market on which the negotiable paper is traded.

Corporate notes - Valued at the closing price reported on the active market on which the notes are traded.

Municipal bonds - Valued at the coded price reported in the active markets for identical assets.

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value of Investments (Continued)

U.S. Treasury - Valued at the coded price reported in the active markets for identical assets.

State pooled Local Agency Investment Fund (LAIF) - The Agency is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members, with the Treasurer of the State of California serving as chairman. The fair value of the Agency's position in the pool approximates the value of the pool shares. LAIF is not subject to fair value leveling.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Agency's investment assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
U.S. Agency Obligations	\$ -	\$ 134,410,530	\$ -	\$ 134,410,530
Negotiable Certificate of Deposit	-	1,675,138	-	1,675,138
Corporate Notes	-	46,878,029	-	46,878,029
Local Agency Bonds	-	3,800,712	-	3,800,712
U.S. Treasury Obligation	-	2,891,250	-	2,891,250
	-	189,655,659	-	189,655,659
Not subject to leveling - LAIF	-	-	-	56,405,018
Total	\$ -	\$ 189,655,659	\$ -	\$ 246,060,677

At June 30, 2022, the Agency had no investments in repurchase and reverse repurchase agreements and did not invest in such during the years then ended. The balance available for withdrawal in LAIF is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no limitations on the withdrawal of these funds.

NOTE 5 CAPITAL ASSETS

Utility Plant in Service

For the year ended June 30, 2022, the changes in utility plant for the Agency were as follows:

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
State Water Project	\$ 126,845,035	\$ 5,577,633	\$ -	\$ 132,422,668
Mains	108,865,981	552,014	(143,796)	109,274,199
Wells, intakes, pumps	25,817,223	50,482	(136,372)	25,731,333
Water reclamation	29,596,101	-	(33,313)	29,562,788
Water transportation facilities	25,605,867	-	-	25,605,867
Wastewater transportation facilities	22,963,559	169,050	-	23,132,609
Hydro- electric plants	5,096,112	-	-	5,096,112
Water treatment	3,128,301	-	-	3,128,301
Services	21,575,668	1,357,467	(265,577)	22,667,558
Meters	6,941,053	1,089,054	(51,201)	7,978,906
Fire services and hydrants	17,231,566	308,709	(78,869)	17,461,406
Reservoirs	17,655,354	-	-	17,655,354
Structures and improvements	21,712,697	13,482	-	21,726,179
Building	4,093,009	3,245	-	4,096,254
Equipment	12,501,247	167,368	(55,628)	12,612,987
Land	12,070,625	-	-	12,070,625
Other	19,695	-	-	19,695
	<u>\$ 461,719,093</u>	<u>\$ 9,288,504</u>	<u>\$ 764,756</u>	<u>\$ 470,242,841</u>

NOTE 5 CAPITAL ASETS (CONTINUED)

Accumulated Depreciation and Amortization

For the year ended June 30, 2022, the changes in accumulated depreciation and amortization for the Agency were as follows:

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
State Water Project	\$ 99,319,063	\$ 712,028	\$ -	\$ 100,031,091
Mains	45,960,282	1,924,724	(115,170)	47,769,836
Wells, intakes, pumps	14,779,869	575,820	(71,731)	15,283,958
Water reclamation	20,391,653	699,085	(31,980)	21,058,758
Water transportation facilities	4,085,155	243,524	-	4,328,679
Wastewater transportation facilities	7,960,699	569,678	-	8,530,377
Hydro- electric plants	4,939,336	17,863	-	4,957,199
Water treatment	2,125,164	70,407	-	2,195,571
Services	9,914,831	707,643	(231,152)	10,391,322
Meters	2,070,525	265,436	(33,830)	2,302,131
Fire services and hydrants	8,807,036	393,317	(52,199)	9,148,154
Reservoirs	11,005,193	378,394	-	11,383,587
Structures and improvements	11,696,661	759,112	-	12,455,773
Building	2,983,049	139,073	-	3,122,122
Equipment	10,182,476	647,065	(55,627)	10,773,914
	<u>\$ 256,220,992</u>	<u>\$ 8,103,169</u>	<u>\$ (591,689)</u>	<u>\$ 263,732,472</u>

Construction in Progress

The Agency has begun construction of pipeline projects and numerous other smaller projects. Upon completion of these projects, they will be placed in service and depreciation will commence. Costs expended and the total budget for the projects are as follows:

	June 30, 2022	
	Cost of Construction in Progress	Total Budget
Major projects	\$ 5,295,341	\$ 26,040,100
All other projects	575,200	3,177,508
Total	<u>\$ 5,870,541</u>	<u>\$ 29,217,608</u>

NOTE 5 CAPITAL ASSETS (CONTINUED)

Capital Assets, Net

For the year ended June 30, 2022, net capital assets for the Agency were as follows:

Utility plant in service	\$ 470,242,841
Less accumulated depreciation and amortization	(263,732,472)
Construction in progress	<u>5,870,541</u>
Capital assets, net	<u>\$ 212,380,910</u>

Right to Use Assets

The Agency has recorded right to use assets for leased vehicles. The right to use leased assets are amortized on a straight-line basis over the term of the related leases or useful life of the underlying assets, whichever is shorter. Right to use leased asset activity included in Capital assets for the year ended June 30, 2022 is \$62,461 and related depreciation expense amounted to \$8,328.

NOTE 6 LEASE RECEIVABLE

Lease receivable is measured at the present value of lease payments expected to be received during the lease term.

The Agency has entered into property leases with various lessees with lease terms ranging from 5 to 20 years. Discount rate used is equivalent to the Agency's average annual investment earnings rate for LAIF of 0.5 percent for fiscal year 2022.

Deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

The lease receivable as of June 30, 2022 is \$2,347,206 and the Agency recognized \$2,351,252 of deferred inflow of resources.

NOTE 7 NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2022 was as follows:

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022
Long- term debt				
Water revenue refunding				
Bond	\$ 16,220,000	\$ -	\$ (745,000)	\$ 15,475,000
Premium	1,518,322	-	(101,221)	1,417,101
Other long- term liabilities				
OPEB liability	33,237,468	1,532,243	(11,608,272)	23,161,439
Net pension liability	15,804,090	-	(8,824,134)	6,979,956
Other employee benefits	1,460,011	-	(7,491)	1,452,520
	<u>\$ 68,239,891</u>	<u>\$ 1,532,243</u>	<u>\$ (21,286,118)</u>	<u>\$ 48,486,016</u>

Balances due within one year at June 30, 2022 are for the water revenue refunding bond of \$780,000.

NOTE 8 LONG-TERM DEBT

On June 29, 2016, the Agency Financing Corporation issued \$19,720,000 Water Revenue Refunding Bonds, Series 2016 to provide funds to defease and refund on an advance refunding basis the Agency's outstanding Certificates of Participation (Water System Improvement Project) Series 2007 (COP) outstanding at that date in the amount of \$21,420,000 and to pay the debt issue costs. The bonds are payable from and secured by the Agency's pledge of net revenues defined generally as gross revenues received from the Agency's water system. The bonds bear interest at various rates from 2 to 5 percent and are payable on May 1 and November 1 of each year commencing on November 1, 2016. The cost to retire the COPs was \$23,372,318 including debt issue costs. The refunding produced a loss on the advance refunding of the old debt in the amount of \$1,420,128 which has been included in deferred outflows of resources and will be amortized over the life of the new debt or 20 years.

Future principal and interest payments in accordance with the debt agreement as of June 30, 2022 are as follows:

Year ending December 31,	Principal	Interest
2023	\$ 780,000	\$ 564,150
2024	800,000	544,650
2025	830,000	512,650
2026	865,000	479,450
2027 through 2031	4,930,000	1,642,100
2032 through 2036	5,965,000	754,850
2037	1,305,000	39,150
	<u>15,475,000</u>	<u>\$ 4,537,000</u>
Less current portion	(780,000)	
Unamortized premium	1,417,101	
Long-term portion of debt	<u>16,112,101</u>	

NOTE 8 LONG-TERM DEBT (CONTINUED)

A premium of \$2,024,430, related to the new debt issue, was recognized and is being amortized over the life of the new debt issue of 20 years. Amortization expense for the premium paid on the new debt was \$101,222 for the year ended June 30, 2022.

The Agency incurred bond interest expense during the year ended June 30, 2022 in the amount of \$661,450.

NOTE 9 RESERVES AND DESIGNATIONS OF AGENCY NET POSITION

Under the accounting standards the Agency is required to follow, a governmental entity may set up "reserves" of Agency net position to segregate balances which are not available for expenditure in future periods, or which are legally set aside for a future specific use, or established to indicate tentative plans for financial resource utilization in future periods.

The Agency's reserves and designations at June 30, 2022 are presented below:

Reserve State Water Project	\$ 493,654
Reserve for additional SWP water	10,493,000
Reserve for additional non-SWP water	23,782,000
Reserve for additional water	-
Reserve for land acquisition	5,675,000
Reserve for operations	22,494,050
Reserve for replacements	11,652,800
Reserve for regulatory compliance	7,765,000
Reserve for retirement benefits	5,000,000
Reserve for disaster response	2,000,000
	<u>89,355,504</u>
Undesignated (over designated)	9,060,376
Net position, unrestricted	<u>\$ 98,415,880</u>

NOTE 10 JOINT VENTURES

The Agency participates in a joint venture under a joint powers agreement (JPA) with the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The relationship between the Agency and the JPA is such that the JPA is not a component unit of the Agency for financial reporting purposes. Audited financial statements are available by contacting the ACWA-JPIA at 2100 Professional Drive, Roseville, California 95661.

The Association of California Water Agencies Joint Powers Insurance Authority arranges for and provides insurance coverage for its approximately 396 member districts. JPIA is governed by a board of directors and each member agency is required

NOTE 10 JOINT VENTURES (CONTINUED)

to designate one representative from its local board of directors to participate in the JPIA board. From the board of directors, eight members of a nine-member executive committee are elected and delegated the authority to make JPIA's preliminary policy decisions relying upon input received from other standing and ad hoc committees and subcommittees. These policy decisions, along with other matters such as financial and claims data, are ultimately brought before the full board for review and/or ratification. The board controls the operations of the JPIA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. JPIA provides joint protection coverage for losses in excess of the member districts' individually specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial insurance carriers.

Condensed audited financial information of the Association of California Water Agencies Joint Powers Insurance Authority for the year ended September 30, 2021 follows:

Total assets	\$ 271,770,359
Deferred outflows of resources	<u>1,189,142</u>
Total assets and deferred outflows of resources	<u>\$ 272,959,501</u>
Total liabilities	\$ 123,558,690
Deferred inflows of resources	<u>(409,721)</u>
Net position	<u>149,810,532</u>
Total liabilities, deferred inflows, and net position	<u>\$ 272,959,501</u>
Total operating revenues	\$ 189,317,732
Total operating expenses	<u>(174,760,456)</u>
Total nonoperating revenues	<u>11,566,049</u>
Change in net position	<u>\$ 26,123,325</u>

NOTE 11 PENSION PLAN

General Information About the Pension Plan

Plan Description

All qualified Agency employees are required to participate in the Desert Water Agency Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), unless they specifically opt out. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee's Retirement Law. The Agency selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, membership, and financial information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, with one year of credited service being equal to one year of full-time employment. All members are eligible for improved non-industrial disability benefits after five years of service. The Agency has chosen the Optional Settlement 2W Death Benefit.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Agency's total employer contributions were \$3,003,622 for the year ended June 30, 2022.

Active plan members who were hired before January 1, 2013 are referred to as "Classic" employees. Beginning January 1, 2013, the Agency established two classes of employees, as dictated by the newly enacted Public Employees Pension Reform Act (PEPRA).

NOTE 11 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

The plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

Hire date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5 percent at 55	2.0 percent at 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Final average compensation period	12 months	36 months
Sick leave credit	Yes	Yes
Retirement age	50 to 55	52 to 67
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Cost of living adjustment	2.00%	2.00%
Required employee contribution rates		
2022	8.0 percent	7.25 percent
2021	8.0 percent	7.25 percent
Required employer contribution rates		
2022	12.99% + \$1,114,102	7.73% + \$1,939
2021	13.146% + \$1,390,503	7.874% + \$0

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Methods and Assumptions

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2019 actuarial accounting valuation. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

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

Long-term Expected Rate of Return

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

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

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

Asset Class ¹	Asset Allocation	Real Return	
		Years 1-10 ^{2,4}	Years 11+ ³
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)
Total	100%		

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

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

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

⁴Figures are based on the previous ALM of 2017.

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15 percent. 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.

Changes in the Net Pension Liability

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

The following table presents the net pension liability of the Plan as of the June 30, 2021 and June 30, 2020 measurement dates, calculated using the discount rate in effect at each year end. The table also shows what the net pension liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current rate:

		Discount Rate -1.00%	Current Discount	Discount Rate +1%
Net pension liability	2021	(6.15%)	(7.15%)	(8.15%)
		\$ 16,007,535	\$ 6,979,956	\$ (483,014)
	2020	(6.15%)	(7.15%)	(8.15%)
		\$ 24,510,307	\$ 15,804,090	\$ 8,610,417

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Pension Related Liabilities, Expense, and Deferred Outflows/Deferred Inflows of Resources

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability as of the June 30, 2021 measurement date was 0.34 percent. This represents a (0.01 percent) change since the prior measurement date.

NOTE 11 PENSION PLAN (CONTINUED)

Pension Related Liabilities, Expense, and Deferred Outflows/Deferred Inflows of Resources (Continued)

For the year ended June 30, 2022, the Agency recognized pension expense of \$885,077. At June 30, 2022, the Agency deferred inflows and outflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ -
Differences between expected and actual experience	782,727	-
Net differences between projected and actual investment earnings	-	6,093,131
Differences between employer's contributions and proportionate share of contributions	1,247,478	
Change in employer's proportion	-	1,286,857
Pension contributions subsequent to measurement date	3,003,622	
Total	\$ 5,033,827	\$ 7,379,988

The amounts above are net of outflows and inflows recognized in the pension expense for the year ended June 30, 2022. The \$3,003,622 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Year ending June 30,	Amount
2023	\$ (1,097,363)
2024	(1,204,427)
2025	(1,364,167)
2026	(1,683,827)
Total	\$ (5,349,784)

NOTE 12 DEFINED CONTRIBUTION PLAN AND DEFERRED COMPENSATION PLAN

The Agency has a defined contribution plan and there is one employee eligible to participate in this plan (the "eligible employee"). All contributions by the Agency are fully vested upon receipt. The eligible employee cannot contribute directly to the defined contribution plan. The Agency contributes matching contributions to the defined contribution plan for any contributions made to the deferred compensation plan by the eligible employee. The Agency contributed \$26,652 to the defined contribution plan for the year ended June 30, 2022.

There is also a deferred compensation plan under Internal Revenue Code (IRC) Section 457 available to Agency employees which the employees can voluntarily contribute to. The Agency makes contributions to the deferred compensation plan for certain eligible employees hired after May 1, 2007. The Agency contributed \$86,650 to the deferred compensation plan for the year ended June 30, 2022.

NOTE 13 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information About the OPEB Plan

Plan Description and Benefits Provided

The Agency, a single employer, offers postemployment benefits through the Association of California Water Agencies Health Plans. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Employees who retire from the Agency on or after age 50, have at least 12 years of service, and were hired prior to May 1, 2007 are eligible for postemployment medical benefits. The Agency pays full retiree and spousal health premiums for eligible retirees. Surviving spouses of active employees at their time of death, whose sum of years of service and age equals 60 or above, will continue having premiums paid by the Agency for their lifetime. The Agency also pays full dental and vision premiums for eligible retirees, who have 25 years or more of Agency service, and their dependents.

Employees Covered

At June 30, 2021 (the measurement date of the actuarial valuation), the following number of employees (including spouses) were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	81
Inactive employees entitled to, but not yet receiving benefit payments	-
Active employees	<u>27</u>
Total	<u><u>108</u></u>

Total OPEB Liability

The Agency's total OPEB liability of \$23,161,439 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

**NOTE 13 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)**

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 (measurement date) actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increase	CalPERS salary scale for Miscellaneous employees hired at age 30
Discount rate	2.16%
Healthcare cost trend rates	The assumed future increases to the health costs and premiums are based on the "Getzen" model published by the Society of Actuaries. Dental and vision costs were assumed to increase at a rate of 3.50% per year.

The discount rate was based on the 20-year Bond GO Index as of the measurement date.

Mortality rates were based on statistics taken from the California PERS Experience Study Report adopted in 2017 and includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2021 (measurement date) valuation were based on the results of the CalPERS valuation experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change in the Total OPEB Liability

	<u>June 30, 2022</u>
Balance beginning of year	\$ 33,237,468
Changes for the year:	
Service Cost	789,682
Interest	742,561
Difference between expected and actual experience	(9,237,736)
Changes of assumptions	(1,511,619)
Benefit payments	(858,917)
Balance year- end	<u>\$ 23,161,439</u>

Change of assumptions reflect a change in the discount rate from 2.21 percent as of the June 30, 2020 measurement date to 2.16 percent as of the June 30, 2021 measurement.

**NOTE 13 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)**

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rates:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	1.16%	2.16%	3.16%
Total OPEB liability	\$ 27,280,761	\$ 23,161,439	\$ 19,865,797

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Trend Rate -1%	Current Trend Rate	Trend Rate +1%
Total OPEB liability	\$ 19,479,693	\$ 23,161,439	\$ 27,915,608

For the year ended June 30, 2022, the Agency recognized OPEB expense of \$1,533,884. The Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2022:		
Differences between expected and actual experience	\$ -	\$ 7,881,278
Changes of assumptions	2,669,702	1,353,799
OPEB contributions subsequent to measurement date	646,237	-
Total	\$ 3,315,939	\$ 9,235,077

**NOTE 13 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)**

The \$705,531 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (2,349,455)
2024	(1,903,549)
2025	(2,258,892)
2026	(53,479)
2027	-
Total	\$ <u>(6,565,375)</u>

NOTE 14 RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance through participation in the Association of California Water Agencies Joint Powers Insurance Authority (see Note 10). The insurance purchased is for liability, property and workers' compensation insurance and there are various self-insured retention levels, similar to a deductible, per occurrence. See the schedule of insurance coverage presented as supplementary information for additional information.

NOTE 15 COMMITMENT AND CONTINGENCIES

Various claims and litigation involving the Agency are currently outstanding. The most significant activity is related to an action by the local tribe that is still pending in Federal District Court to adjudicate its reserved right to groundwater, and its right to storage space beneath reservation lands. The outcome of these matters is not determinable at this time but could be significant if the Tribe prevails.

The Agency has a \$14,386,345 contractual commitment as of June 30, 2022, related to constructing pipeline replacements. This commitment is due within the next fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Plan Contributions - Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Employee Payroll
2022	\$ 2,003,622	\$ (3,003,622)	\$ (1,000,000)	\$ 8,153,827	36.84 %
2021	2,262,927	(3,262,927)	(1,000,000)	7,721,227	42.26
2020	2,121,647	(3,121,647)	(1,000,000)	7,253,560	43.04
2019	1,849,946	(2,849,946)	(1,000,000)	7,026,860	40.55
2018	1,586,919	(1,586,919)		6,050,470	26.23
2017	1,461,680	(1,461,680)		6,021,869	24.27
2016	1,379,325	(1,379,325)		5,952,152	23.17
2015	1,208,856	(1,208,856)		5,808,831	20.81

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

Schedule of the Agency's Proportionate Share of the Net Pension Liability - Last 10 Plan Years*

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2021	0.37 %	\$ 6,979,956	\$ 8,153,827	85.60 %	90.49 %
2020	0.37	15,804,090	7,721,227	204.68	77.71
2019	0.40	15,957,880	7,253,560	220.00	77.73
2018	0.42	15,975,305	7,026,860	227.34	77.69
2017	0.42	16,466,171	6,050,470	272.15	75.39
2016	0.42	14,563,532	6,021,869	241.84	75.87
2015	0.44	12,000,195	5,952,152	201.61	79.89
2014	0.46	11,449,416	5,808,831	197.10	81.15

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

Notes to the Pension Schedules:

Benefit Changes: None

Changes in Assumptions: For the measurement date June 30, 2017, the discount rate was changed from 7.65 percent to 7.15 percent. For the measurement date June 30, 2018, the inflation rate was changed from 2.75 percent to 2.50 percent.

Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios - Last Ten Plan Years*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Balance beginning of year	\$ 33,237,468	\$ 28,314,463	\$ 29,198,670	\$ 29,766,869	\$ 32,704,594
Changes for the year:					
Service Cost	789,682	585,056	631,297	664,025	809,859
Interest	742,561	996,782	1,137,027	1,076,226	947,450
Difference between expected and actual experience	(9,237,736)		(2,879,482)	(49,240)	
Changes of assumptions	(1,511,619)	4,188,505	1,134,393	(1,413,861)	(4,102,481)
Benefit payments	(858,917)	(847,338)	(907,442)	(845,349)	(592,553)
Balance year-end	\$ 23,161,439	\$ 33,237,468	\$ 28,314,463	\$ 29,198,670	\$ 29,766,869
Covered Payroll	\$ 8,153,827	\$ 7,721,227	\$ 7,253,560	\$ 7,026,860	\$ 6,050,470
Plan net OPEB liability as a percentage of covered-employee payroll	284%	430%	390%	416%	492%

*Fiscal year 2018 was the first year of implementation, therefore, not all 10 years of information is available.

Notes to the Schedule:

Changes of benefit terms: None

Changes of Assumptions: Change of assumptions reflect a change in the discount rate from 2.85 percent as of the June 30, 2016 measurement date to 3.58 percent as of the June 30, 2017 measurement date to 3.87 percent as of the June 30, 2018 measurement date to 3.50 percent as of the June 30, 2019 measurement date to 2.21 percent as of the June 30, 2020 measurement date to 2.16 percent as of the June 30, 2021 measurement date.

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OTHER INFORMATION

Organization and Description of the Agency

Desert Water Agency (the "Agency") was formed in September 1961 by the Legislature of the State of California through the enactment of special legislation. The Agency was formed for the purpose of importing water by contracting for participation in the State Water Project of the State Department of Water Resources and for any other activities authorized by the Legislature as proper for the Agency to conduct. The Agency's contract for water provides for delivery of up to 38,100 acre feet of water per year, starting at 8,000 acre feet and increasing annually until deliveries total the full contract amount in 1990. In 2004, the contract was amended to reflect an allotment of 50,000 acre feet. In 2007, the contract was amended to reflect an allotment of 55,750 acre feet, effective January 1, 2010. Requested deliveries totaled 55,750 acre feet for calendar years 2019 and 2020. The Agency negotiated an agreement with the Metropolitan Water Agency of Southern California for the exchange of the Agency's entitlement to Northern California water for an equal amount of Metropolitan Water Agency's Colorado River water. The exchange agreement became effective when approved by the Secretary of the Interior on December 1, 1972 and extends until 2035.

The Agency started receiving this exchange water in September 1973 when the service connection to the Metropolitan Water Agency's aqueduct was completed.

The Agency is committed to pay its proportionate share of the capital and other costs of the State Water Project, including the capital costs in connection with both the transportation facilities and the conservation facilities, the operation and maintenance costs in connection therewith, and the variable costs incident to the actual delivery of water. Annually, the State Department of Water Resources issues a bulletin known as the 132 Series in which the capital and operating costs are estimated for the life of the project. On June 30 of each year, they bill for the costs to be paid during the next succeeding calendar year. The capital costs are being capitalized as utility plant while the other costs are charged to operations. The capital costs are being amortized using a life of 45 years.

The Agency has shared in the costs of the Whitewater Turnout with the Coachella Valley Water District and is also committed to share in the cost of the Mission Creek Turnout of the Metropolitan Water Agency's Colorado River Aqueduct. The Mission Creek Turnout connection will make imported water available for spreading in the Mission Creek area of the Mission Springs Water District. These facilities are necessary to enable the Agency and Coachella Valley Water District to perform under the present agreement for the exchange of State Water Project water for Colorado River water with the Metropolitan Water Agency of Southern California, which agreement was referred to in a paragraph above. The Whitewater connection was constructed by Metropolitan Water Agency crews and was completed in September 1973. Although the Whitewater and Mission Creek turnouts from the Colorado River Aqueduct were constructed by Metropolitan Water District, Desert Water Agency and Coachella Valley Water District funded the costs of constructing those turnouts.

Organization and Description of the Agency (Continued)

The Agency is also committed to pay in future years its share of the cost of supplemental water facilities which may be necessary to enable it to benefit fully from participation in the State Water Project. Such supplemental facilities could be in the form of an aqueduct to transport State Water Project water from Hesperia or San Bernardino to the Coachella Valley or could consist of a desalination plant and/or other facilities necessary to continue the exchange of the Agency's Northern California water entitlement for Colorado River water. The cost of supplemental water facilities will be shared by other agencies which will benefit from their construction. Anticipated costs may also include construction of new Delta conveyance facilities and the cost of participation in additional surface water storage facilities, such as the Sites Reservoir.

The Agency entered into a water management agreement with the Coachella Valley Water District on July 1, 1976. The agreement establishes principles which will control the continuation of the parties' imported water program and the allocation of costs for these programs. It further provides for the collection and analysis of data which will serve as the basis for management of the natural and imported water supplies of the management area. This agreement was amended in July 2014 to reflect a change in the allocation of certain costs to more accurately reflect allocations of water to each party. The Agency and Coachella Valley Water District have also entered into a similar, additional agreement to allocate between them the cost of delivering imported water to the Mission Creek spreading facilities.

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Desert Water Agency
Schedule of Board of Directors and Insurance Coverage

Officers, Directors, and Senior Management

The officers, directors, and senior management of the Agency are listed below:

	<u>Term Expires</u>
Kristin Bloomer , President	December 2024
James Cioffi , Vice President	December 2022
Joseph Stuart , Secretary-Treasurer	December 2022
Patricia Oygar, Director	December 2022
Paul Ortega, Director	December 2024
Mark S. Krause, General Manager	N/A

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Insurance Coverage

The Agency is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). The purpose of the ACWA JPIA is to arrange and administer programs of insurance for pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2022, the Agency participated in the self-insurance program of the ACWA JPIA as follows:

Property Loss - Insured up to the scheduled value with a \$25,000 deductible for buildings, personal property and fixed equipment and a \$5,000 deductible for mobile equipment.

General and Auto Liability - Insured up to \$55,000,000 with aggregate policy limits. ACWA JPIA is self-insured up to \$5,000,000 and excess insurance coverage has been purchased through ACWA JPIA.

Public Officials' Liability - Insured up to \$55,000,000 with aggregate policy limits. The ACWA JPIA is self-insured up to \$5,000,000 and excess insurance coverage has been purchased through ACWA JPIA.

Crime Liability - Insured up to \$100,000 for public employee theft, depositor's forgery or alteration and computer and funds transfer fraud with a deductible of \$1,000. ACWA JPIA is self-insured up to \$100,00 and excess coverage has been purchased through ACWA JPIA.

Cyber Liability - The Agency has purchased cyber liability coverage through ACWA JPIA.

Workers' Compensation - Insured for statutory limits. Employer's liability is insured up to \$2,000,000 per occurrence. ACWA JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased through ACWA JPIA.

The Agency maintains separate Earthquake and Flood Insurance. Earthquake coverage includes a 5 percent or a \$50,000 minimum deductible. Flood coverage includes a \$50,000 deductible. The per occurrence and aggregate limit is \$31,509,480.

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Presentation to the Board of Directors

December 20, 2022

/ INTRODUCTION

To the Board of Directors Desert Water Agency

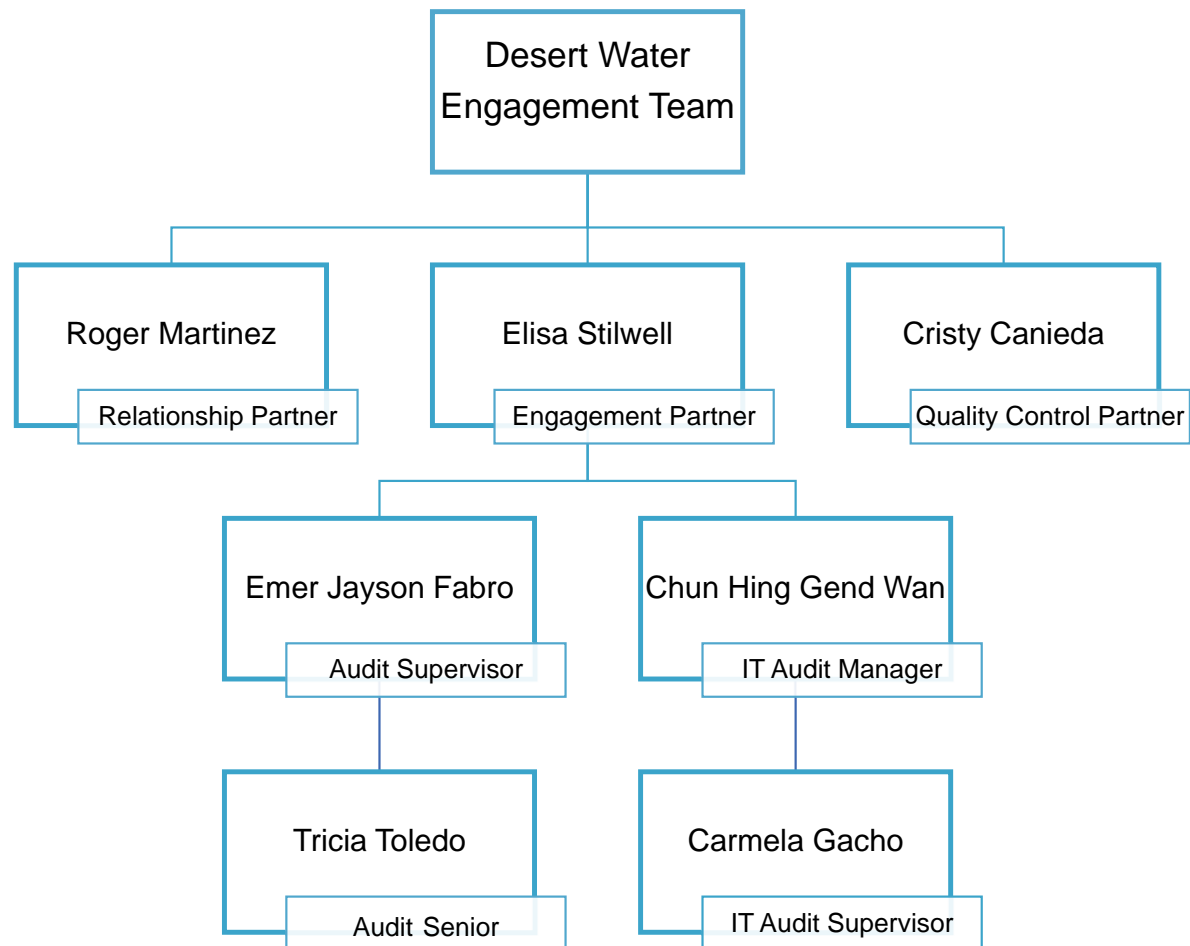
We are pleased to present this report related to our audit of the financial statements of Desert Water Agency (the Agency) as of and for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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 regarding this report. We appreciate the opportunity to be of service to the Agency.

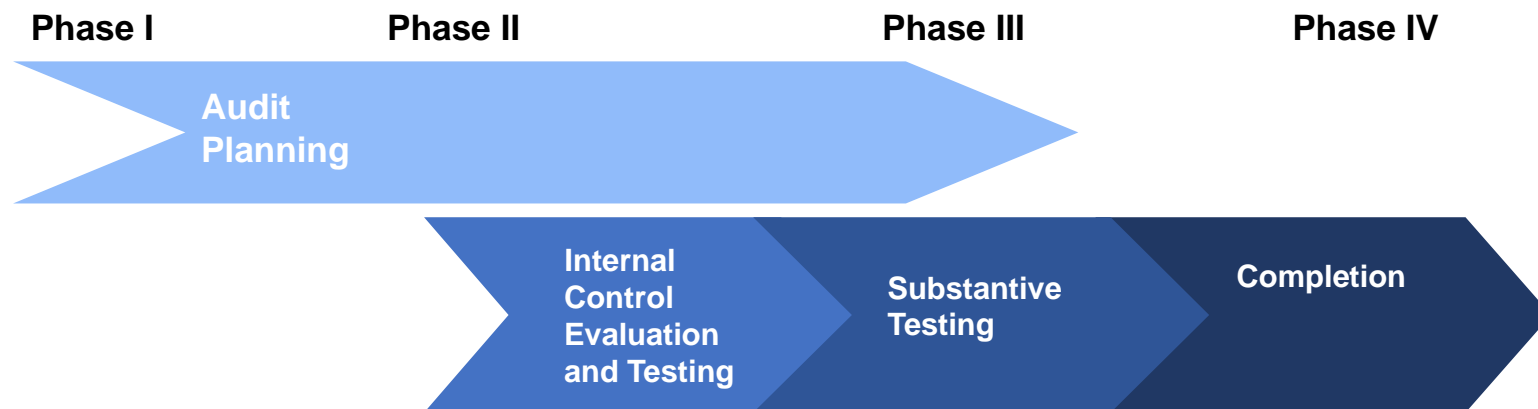
/ AGENDA

- ☐ The Engagement Team
- ☐ Overview - Audit Strategy
- ☐ Audit Results
 - Unmodified Opinion
 - Audit Focus Areas
 - Data Analytics – IDEA Analysis
 - Management Letter Comments and Recommendations
- ☐ New Accounting Pronouncements
- ☐ AU-C 260 Required Communications
- ☐ Independence
- ☐ Questions
- ☐ Contact Information

/ THE ENGAGEMENT TEAM



/ OVERVIEW – AUDIT STRATEGY



- Familiarize ourselves with the operating environment
- Perform risk assessment procedures
- Perform preliminary analytical review
- Develop audit plan
- Discuss and agree on financial statement format
- Evaluate the progress of the audit and make any changes to audit approach and procedures (if necessary)

- Assess internal control environment
- Perform SAS 99 (fraud evaluation procedures)
- Identify internal control strengths and weaknesses
- Evaluate design and implementation of selected controls
- Test controls over financial reporting
- Understand accounting and reporting activities
- Draft internal control management letter comments

- Plan and perform substantive audit procedures
- Conduct final analytical review
- Consider audit evidence sufficiency
- Conclude on critical accounting matters
- Discuss proposed audit adjustments with management.

- Perform completion procedures
- Draft audit report. Evaluate the financial statements and disclosures
- Draft management letter
- Conduct exit conference, including discussion of proposed audit adjustments, internal control and compliance findings and management letter
- Issue auditor's reports and management letter.

AUDIT RESULTS

/ INDEPENDENT AUDITOR'S REPORT

UNMODIFIED “CLEAN” OPINION

Audit performed 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*

The financial statements fairly present, in all material respects, Desert Water Agency's:



Financial position



Results of operations



Changes in net position



Cash flows

Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- *Unmodified “clean” opinion*
- *No material weaknesses, significant deficiencies, and material noncompliance noted.*

/ AUDIT FOCUS AREAS

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Cash and cash equivalents	<ul style="list-style-type: none"> ▪ Misappropriation of assets ▪ Cash balances in excess of federally insured limits ▪ Cash equivalents reported in the financial statements do not agree to amounts reflected in the account statements. 	<ul style="list-style-type: none"> ▪ Obtained external confirmation of cash and deposit balances with banks and financial institutions. ▪ Agreed account balances to the period end bank statements, bank confirmations and general ledger. <p>There were no material exceptions noted.</p>
Investments	<ul style="list-style-type: none"> ▪ Investments not in accordance with District and State of California policies 	<ul style="list-style-type: none"> ▪ Tested a sample of quarterly reports during the year <p>There were no material exceptions noted.</p>
Receivables	<ul style="list-style-type: none"> ▪ Receivables on specific transactions may not exist. ▪ The District may have no control on receivables ▪ Receivables are not recorded correctly and are properly valued as to collectability. ▪ Receivables do not reflect their economic value. ▪ Receivable aging is not correct regarding the collectability of receivables 	<ul style="list-style-type: none"> ▪ Obtained external confirmation of accounts receivable balances with customers. ▪ Tested accounts receivable substantively through agreement to supporting documentation. <p>There were no material exceptions noted.</p>

/ AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Capital Assets	<ul style="list-style-type: none"> Capital assets, capital expenditures and related depreciation are not monitored and are not fairly stated in the financial statements. 	<ul style="list-style-type: none"> Obtained and tested the schedule of changes in capital assets and accumulated depreciation during the period. Obtained and agreed the listing of additions during the period to the schedule of changes in capital assets and test any reconciling items Obtained and agreed the listing of assets under construction (construction in progress) at period end. <p>There were no material exceptions noted.</p>
Expenditures/Payroll	<ul style="list-style-type: none"> Expenditures are not incurred in compliance with budgetary constraints and procurement policies. Payroll costs are not correctly allocated and are not supported by documentation of hours and rates. 	<ul style="list-style-type: none"> Obtained and agreed listings of payroll expenses that were subjected to these procedures to the general ledger and trial balance and tested any reconciling items. <p>There were no material exceptions noted.</p>

/ AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Accounts payable, accrued liabilities, commitments and contingencies	<ul style="list-style-type: none"> Understatement of accounts payable and accrued liabilities Commitments and contingencies are not recognized and/or properly disclosed in the financial statements. 	<ul style="list-style-type: none"> Selected subsequent period disbursements (payments) and evaluated whether the related liabilities were recorded in the correct period and opinion unit, for the correct amount, and are obligations of the entity. Obtained and agreed the listings of accrued expenses accounts to the general ledger and (or) trial balance and tested any reconciling items <p>There were no material exceptions noted.</p>
Procurement	<ul style="list-style-type: none"> Procurement is not in accordance with applicable regulations and policies. 	<ul style="list-style-type: none"> Obtained and inspected the supporting documents such as requisition form, purchase order and invoice, packing slip, checks, etc. of the cash payment selected. <p>There were no material exceptions noted.</p>
Procurement - Bid Process	<ul style="list-style-type: none"> Bidding Procedures not in accordance with District policies 	<ul style="list-style-type: none"> Tested a sample of contracts entered into during the year and compared to stated Agency policies <p>There were no material exceptions noted.</p>

/ AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
Revenue recognition	<ul style="list-style-type: none"> Revenues are not properly recognized Billings to customers are not reasonably stated and reported in proper periods. 	<ul style="list-style-type: none"> Performed analytical procedures and reasonableness tests Confirmed selected balances for the ten largest customers Verified proper cutoff of the year-end receivables balance <p>There were no material exceptions noted.</p>
Related party transactions	<ul style="list-style-type: none"> Not in compliance with Conflict of Interest Code 	<ul style="list-style-type: none"> Tested through review of the Form 700s as well as payments to vendors during the year through IDEA testing <p>There were no material exceptions noted.</p>
Management and BOD expenditures	<ul style="list-style-type: none"> Not in compliance with District's Policies 	<ul style="list-style-type: none"> Tested a sample of expenditures related to management and BOD and compared to stated Agency policies <p>There were no material exceptions noted.</p>
Fraud	<ul style="list-style-type: none"> Fraudulent or improper journal entries were not identified and posted during the year 	<ul style="list-style-type: none"> Tested through use of IDEA to ensure that journal entries were not posted on weekends, there were no gaps in sequence and that entries with round numbers were proper and had support validating the entry. <p>There were no material exceptions noted.</p>

/ AUDIT FOCUS AREAS, CONTINUED

Audit Focus Area	Potential Risk/Concerns	Procedures Performed
GASB 75 and GASB 68 Disclosure of net pension liability and OPEB obligations	<ul style="list-style-type: none"> Not in compliance with GASB 75 and 68 requirements Pension and OPEB liabilities are not properly valued and disclosed in the financial statements. 	<ul style="list-style-type: none"> Tested reasonableness of assumptions used in the valuation Agreed to reports provided by third party actuaries and underlying data provided by the Agency <p>There were no material exceptions noted.</p>
GASB 87 Leases	<ul style="list-style-type: none"> Not in compliance with GASB 87 requirements 	<ul style="list-style-type: none"> Obtained supporting calculation and documents Tested and recalculated analysis and computations provided by the Agency <p>There were no material exceptions noted.</p>

/ DATA ANALYTICS – IDEA ANALYSIS

We performed data analytics to test disbursements and general ledger transactions for unusual events, such as:

- Gaps in check sequence
- Transactions posting outside of business hours
- Transactions/payments with even dollar amounts
- Unusually large dollar payments

All potential issues were investigated and resolved satisfactorily

/ MANAGEMENT LETTER COMMENTS AND RECOMMENDATIONS



FINANCIAL AUDIT (FS) RECOMMENDATIONS

1. Implement process to review purchase order sheet gaps
2. Ensure prompt submission of Statements of Economic Interests (Form 700)
3. The Agency should consider having a system in place that provides reliable reporting capabilities to generate relevant reports for review and monitoring of Accounts Receivables

/ MANAGEMENT LETTER COMMENTS AND RECOMMENDATIONS



INFORMATION TECHNOLOGY(IT) RECOMMENDATIONS

1. Develop and formalize IT Strategic Plan, including critical IT policies and procedures
2. Improve risk assessment process and relevant security controls
 - Obtain and review relevant SOC reports
 - Implement multi-factor authentication in BambooHR and Paymentus
 - Revisit firewall configuration
 - Formalize Security Awareness Trainings
3. Improve overall user access management processes
 - Privileged users
 - Terminated users
 - Periodic user access reviews
4. Optimize password parameters in iSeries and Active Directory
5. Establish and formalize the change management process

/ NEW ACCOUNTING PRONOUNCEMENTS

Implemented in 2022

GASB 87 - Leases

To be implemented in 2023

GASB 96 – Subscription-based Information Technology Arrangements

GASB 94 – Public-Private and Public-Public Partnerships and Availability
Payment Arrangements

To be implemented in 2024

GASB 101 – Compensated Absences

GASB 100 – Accounting changes and Errors Corrections- an amendment of
GASB Statement No. 62

AUDITOR'S REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE (AU-C 260)

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Significant Accounting Policies	The Agency's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.
Controversial issues	No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
Basis of Accounting	The financial statements were prepared on the assumption that the Agency will continue as a going concern.

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Audit Adjustments	There were no material audit adjustments made during the year.
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting and auditing matters.
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Administration and Finance Committee and the Board.
Material Weakness and Significant Deficiency	No significant deficiencies or material weaknesses in internal controls were identified.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
Management Representations	The Agency will provide us with a signed copy of the management representation letter at the end of the audit and prior to our issuance of the financial statements.

/ INDEPENDENCE

There are no relationships between any of our representatives and [Desert Water Agency](#) that in our professional judgment may reasonably be thought to bear on independence.

We confirm that we are independent of [Desert Water Agency](#) within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, *Government Auditing Standards* (Yellow Book), the State of California Board of Accountancy, and other regulatory agencies.

QUESTIONS

/ Contact Information

Vasquez + Company LLP has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

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**Thank you for your time and
attention.**

**STAFF REPORT
TO
DESERT WATER AGENCY
BOARD OF DIRECTORS**

DECEMBER 20, 2022

**RE: REQUEST AUTHORIZATION FOR FINANCE DIRECTOR TO
EXECUTE SERVICE PROVIDER MASTER SERVICES
AGREEMENT WITH LYNC CONSULTING**

On June 7, 2022, the Desert Water Agency Board of Directors authorized the Finance Director to execute the Tyler Technologies Software as a Service Agreement for the Tyler Munis ERP solution, DWA 2.0 project. Tyler Munis will replace many of the Agency's current, disparate, 3rd party systems that staff uses to manage the day-to-day operations of the Agency. In January 2023, the Agency will begin implementing the Tyler Munis solution which marks the beginning of an anticipated 19-month implementation process.

In the beginning stages of the DWA 2.0 project, SingerLewak Business Informatics led the Agency through a risk assessment to identify potential risks that may keep the Agency from a successful implementation of a new ERP system. During this assessment, it was identified that implementing DWA 2.0 will require significant Agency staff time in addition to staff's normal workload.

As a result of this identified risk, the Agency developed the following steps to mitigate this risk:

1. Add an additional senior level Accounting Department staff member - **Complete**
2. Negotiate the Tyler SaaS contract to include additional implementation hours – **Complete**
3. Contract with Launa Stuart, LLC for project and change management oversight - **Complete**
4. Contract with an independent Senior Project / Program Manager to assist with the DWA 2.0 implementation – **Not Complete**

The Program Manager will assist with developing and tracking project plans, risks, milestones, and deliverables from Tyler as well as Agency staff to ensure that we stay on track with the DWA 2.0 implementation.

In July 2022, the Board approved the independent contractor agreement for Change Pros, LLC; however, due to personal circumstances, the contractor was unable to continue providing contracted services to the Agency. The independent contractor provided

references for her replacement. After reviewing multiple references, staff selected Lync Consulting to replace Change Pros LLC.

Legal Counsel has reviewed the Master Service Agreement.

Fiscal Impact:

The Master Services Agreement (MSA) is estimated at \$336,600, representing an approximated 40-hour work week for the duration of the MSA's 12-month initial term. The MSA will automatically renew for an additional 12-month term with the option to cancel with 30-days notice. It is anticipated that the Agency will utilize Lync Consulting's services for up to 24-months (see attached Statement of Work). The costs associated with a 24-month term (\$673,320) are already included in the DWA2.0 ERP Work Order budget (WO # 20-178-M).

Recommendation:

Staff recommends the Board of Directors authorize the Finance Director to execute the Service Provider Master Services Agreement with Lync Consulting, to include the attached Statement of Work and additional Statements of Work as required for the DWA 2.0 Technology Transformation project.

Attachments:

1. Master Service Agreement
2. Appendix A: Statement of Work

SERVICE PROVIDER MASTER SERVICES AGREEMENT



This Vendor Master Service Agreement (“Agreement”) is made and entered into as of the Effective Date set forth below and is by and between Desert Water Agency with its principal place of business at 1200 S. Gene Autry Trail, Palm Springs, CA 92263 (“Client”) and Lync Consulting LLC, a Colorado Limited Liability S Corporation, with its principal place of business at 10073 Heywood Street, Highlands Ranch, CO, 80130, US (“Service Provider”), collectively referred to as the “Parties” or individually as a “Party”.

AGREEMENT:

In consideration of the mutual promises and undertakings contained herein, and intending to be legally bound, the Parties agree as follows:

1. Term.

This Agreement shall commence on the December 20, 2022 (“Effective Date”) and continue for twelve (12) months. Thereafter, the term of this Agreement shall automatically renew for successive periods of twelve (12) months, unless either party provides written notice of its intent not to renew, at least thirty (30) days prior to the expiration of the then existing term.

2. Scope of Work.

- A.** Service Provider will perform the Work as set forth in a Statement of Work (“SOW”) associated with this Agreement and incorporated herein by reference. Each SOW shall include at a minimum a detailed description of the Services, the compensation for the Services, and the schedule for the Services, as well as any other terms and conditions agreed upon by the Parties in connection with the Services to be performed pursuant to the SOW in accordance with the terms of this Agreement. The performance and completion of the Work is subject to the approval of Client. In the event of conflict between the provisions of this Agreement and the specific provisions contained in the SOW associated with this Agreement, the provisions of the SOW shall control.
- B.** Service Provider agrees to furnish all tools, materials, and supplies necessary to complete said Work, and pay all expenses incurred by Service Provider in connection with the Work, unless otherwise indicated in the SOW.
- C.** Service Provider agrees to use reasonable commercial efforts to meet any estimated date(s) specified in the SOW. Failure to meet any fixed date(s) expressly designated in the SOW shall constitute a breach of Service Provider’s obligations hereunder, except if such failure is attributable to a Force Majeure event or if the Parties mutually agree to extend the fixed date(s) through a change order (“CO”) or amendment (“Amendment”). Service Provider agrees to notify Client promptly in writing if it expects to not meet the deadlines stated in the SOW.
- D. Changes.** If either Party desires to change the scope or performance of the Services under a SOW, it shall submit details of the requested change to the other Party in writing. Service Provider shall within seven (7) days after receipt of the requested change provide a written estimate to Client with the following information:
 - a.** the likely time required to implement the change;
 - b.** any necessary variations to the fees and other charges for the Services arising from the change;
 - c.** the likely effect of the change on the Services; and

- d. any other impact the change might have on the performance of this Agreement or SOW. Promptly after receipt of the written estimate, the Parties shall negotiate and agree in writing on the terms of such change in the form of either a CO or Amendment. Neither Party shall be bound by any CO or Amendment unless mutually agreed upon in writing prior to the additional work being commenced by Service Provider.

3. Security Requirements.

- A. To the extent Service Provider and Service Provider personnel perform Services on Client's premises, each shall comply with all applicable policies of Client relating to business and office conduct, health and safety and use of Client facilities, supplies, and other resources. Only Service Provider personnel listed on the SOW and that are conducting billable work may be issued a badge that permits said personnel unescorted access to Client's facilities.
- B. Service Provider and Service Provider personnel shall also comply with Client's on-site physical security and Information Security Policy requirements when at Client's site, using Client's computer systems, and/or accessing their network infrastructure. Any additional security requirements applicable to the Service Provider's use of Client's computer systems will be mutually agreed and attached as an Exhibit to this Agreement or the applicable SOW.
- C. Use of Service Provider Equipment When Accessing Client Infrastructure. Any Service Provider system that will access Client owned systems or information must maintain all current security related operating system updates, software patches, hot fixes, and other security updates. Current versions of Anti-Virus, Anti-Malware, and Anti-Spyware software must be maintained and automatically kept up to date with all signature and system updates with a minimum update interval of at least daily.
- D. Service Provider agrees not to transmit any Client data to any third-party without written approval from Client.
- E. **Access Control.**
 - a. All credentials, such as usernames and passwords, must be kept confidential and must not be disclosed, shared, or otherwise divulged to an unauthorized party. Credentials must immediately be changed, and Client notified of any suspicion of credentials being disclosed to an unauthorized party. Client will not contact Service Provider requesting the Service Provider's assigned credentials.
 - b. Service Provider shall only use Client systems and information to the extent authorized and necessary to perform defined contracted services.
- F. **Data Protection and Destruction.**
 - a. Service Provider shall encrypt all Client information labeled, marked, or otherwise identified as confidential when stored electronically.
 - b. When no longer in use or upon contract termination, Service Provider shall ensure that hard-copy materials containing Client's confidential data are crosscut shredded or otherwise destroyed in a way providing assurance that hard-copy materials cannot be reconstructed.

- c. When no longer in use or upon contract termination, Service Provider shall ensure electronic media containing Client's confidential data are rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure deletion, or otherwise physically destroying the media.
- G. Right to Monitor.** Service Provider understands that its use of Client information systems may be monitored and audited by Client, without further notice.
- H. Miscellaneous Security Requirements.**
 - a. Service Provider shall report perceived or actual security violations or incidents that impact Client to Client within twenty-four (24) hours or per agreed contractual notification timeline. Service Provider agrees to provide notice to Client of any confirmed security breach that may involve Client data related to the contractual relationship, or to the extent required under and in compliance with applicable law.
 - b. Service Provider acknowledges and agrees that it (a) has received a copy of these requirements; (b) has read and understands the obligations described; (c) will communicate the contents of the application requirements contained herein to all employees that shall have access to Client information systems or data; and (d) will abide by the provisions of these requirements when accessing Client information systems and data.
 - c. Service Provider acknowledges and agrees that it is responsible for all activities of its employees/authorized users, and for assuring that mechanisms to access Client information systems and data are secure and in compliance with this Agreement.

4. Compensation.

- A.** Client shall pay Service Provider for the Services in accordance with the payment terms set forth in the applicable SOW.
- B.** Except as otherwise provided in a payment schedule included in the SOW, Service Provider shall submit an invoice to Client at the email address accountspayable@dwa.org no later than thirty (30) days after completion of the activities defined in the approved SOW. Service Provider shall provide a brief summarized statement of the Services performed with each invoice. Service Provider agrees to maintain adequate records for all invoices and to provide to Client upon request.
- C.** Client shall pay Service Provider within thirty (30) days after receipt of an approved invoice, unless Service Provider is notified within fourteen (14) days that a revision is necessary. Payments shall be made in U.S. Dollars and payable to the trade or business name of the Service Provider. Should a disagreement exist as to the proper amount of the invoice, the Parties shall seek to resolve such disagreement promptly. Client will pay the undisputed amount within the original payment terms. Upon resolution of the dispute, Client shall promptly pay the money agreed upon to Service Provider for any disputed item which has been resolved.
- D.** In the event Service Provider fails to complete the Work by the agreed-upon schedule set forth in the SOW, Service Provider agrees to waive any unpaid fees and to reimburse Client for any unearned fees for the Work. Unearned fees will equal the prorated percentage of Work not completed.

5. Termination.

- A. Termination for Convenience.** This Agreement or a SOW may be terminated at any time without cause, for any reason, by Client or Service Provider giving written notice to the other Party at least thirty (30) days prior to the effective date of termination stated in the notice.
- B. Termination for Cause.** This Agreement or a SOW may be terminated by either Party should there be an uncured material breach of this Agreement or a SOW. Such termination shall be effective immediately upon delivery of written notice of termination to the other Party in the manner described herein. A material breach of this Agreement shall include without limitation, failure to observe or perform any of the covenants, agreements, or obligations contained herein if such default is not cured within thirty (30) days after the defaulting Party received written notice specifying in reasonable detail the nature of such default. It is understood that breach of Section 10 (Use of Marks) and Section 14 (Confidentiality) is cause for immediate termination of this Agreement or an individual SOW upon written notice to Service Provider.

6. Effect of Termination or Expiration.

- A.** The termination or expiration of this Agreement or a SOW, for any reason, shall not release either Party from any obligation or liability to the other Party, including any payment and delivery obligation, that (a) has already accrued hereunder; (b) comes into effect due to the expiration or termination of the Agreement or the SOW; (c) was provided as pre-payment to Service Provider for due performance of the Agreement or the SOW and Service Provider has not fulfilled its performance obligations under the Agreement or the SOW; or (d) otherwise survives the expiration or termination of this Agreement or applicable SOW.
- B.** Service Provider shall, within thirty (30) days of the date of termination, invoice Client for any outstanding fees and expenses due and owing under this Agreement or applicable SOW and, unless any outstanding fees and expenses are in dispute, Client shall pay all such fees and expenses to Service Provider in accordance with the payment terms set forth the Agreement. If a deposit or advance payment has been made by Client for any Services that have not and will not be delivered to Client following expiration or termination, Service Provider shall, within fourteen (14) days of the date of termination, reimburse such payment to Client. In the event Service Provider does not make such reimbursement payment within fourteen (14) days, Service Provider will be liable for additional monetary damages, statutory interest, and reasonable attorney's fees for any collection efforts.
- C.** Upon termination or expiration of this Agreement, any permission granted to use Client's name is terminated and Service Provider agrees to (a) deliver to Client all Deliverables (whether complete or incomplete) and all hardware, software, tools, equipment, or other materials provided to Service Provider by Client; (b) deliver to Client all tangible documents and materials (and any copies) containing, reflecting, incorporating, or based on Client's Confidential Information; (c) permanently erase all of Client's Confidential Information from Service Provider's computer systems; and (d) certify in writing to Client that it has complied with the requirements of this clause.

7. Bankruptcy. This Agreement may be terminated before the expiration date of the term of the Agreement on written notice by either Party if the other Party (a) becomes insolvent; (b) is generally unable to pay, or fails to pay, its debts as they become due; (c) files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency law; (d) makes or seeks to make a general assignment for the benefit of its creditors; or (e) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property or business.

8. Independent Contractor Relationship.

- A.** Service Provider working under this Agreement will operate as an independent contractor and will not be considered an employee of Client. Service Provider and Client's organizations/operations are separate and distinct; nothing in this Agreement creates a joint venture, partnership, or other such relationship between Client and Service Provider. Service Provider shall have no right to act on behalf of or to bind Client in any manner. During the term of this Agreement, Service Provider is free to provide services to other persons, organizations or firms.
- B.** Subject to the obligations and guidelines set forth herein, Service Provider shall control and determine how the Work is to be accomplished. Although Service Provider works independent of Client, Client may provide plans and specifications, including additional future specifications, to define the scope of the Work.
- C.** Client shall have no responsibility for the withholding or payment of federal, state, or local taxes; withholding or contributions under the Federal Insurance Contributions Act (social security); or contributions under the Federal Unemployment Tax Act on behalf of Service Provider or its employees. Any such withholding, payment, or contributions shall be the sole responsibility of Service Provider.
- D.** Unless otherwise provided herein, Client shall provide no Workers' Compensation or Unemployment Insurance coverage for Service Provider or Service Provider's employees. Any such coverage shall be the sole responsibility of Service Provider. Service Provider agrees to provide to Client, upon request, evidence of Workers' Compensation and/or Unemployment Insurance coverage for Service Provider and its employees. Procurement of liability or other insurance for Service Provider's business, Service Provider, or Service Provider's employees shall be the sole responsibility of Service Provider and proof of such insurance shall be provided to Client upon request by Client.
- E.** Service Provider's employees, if any, shall not be considered employees of Client. Service Provider shall be responsible for any training and instruction of its employees necessary to perform the Work. If any of Service Provider's employees are determined to be employees of Client, Service Provider agrees to indemnify defend and hold harmless Client for all liabilities, losses, claims, damages, costs and expenses incurred by Client as a result of that determination.

9. Ownership of Work.

- A.** Client shall own all right, title, and interest in and to all work product and all reports, information, and materials (collectively the "Deliverables") originated or prepared by Service Provider for Client in the performance of Services under this Agreement. Service Provider agrees that any and all tangible and intangible material produced in connection with the Work, including but not limited to articles, books and other written materials, processes, methods, ideas, inventions,

pictures, images, designs and other artistic materials, videos, multimedia displays, electronic communications, software, and derivative works, any final and/or master electronic files, complex layered files, layered illustrator files, actual photo negatives or printed materials and Quark (or similar publishing systems) concepting files (collectively the "Work Material") are works made for hire under the U.S. Copyright law and are the sole property of Client, and Client shall control any and all rights to use the Work Material (in whole or in part) in any form or manner, for any purpose that Client determines, including, but not limited to film, video, television, radio or print use. In the event any Work Material does not qualify as a work made for hire, then Service Provider hereby irrevocably assigns to Client the full and exclusive, worldwide copyrights and subsidiary rights in such Work Material for the full legal term of such rights and all renewals and extensions thereof. Service Provider also assigns to Client all other rights in the Work Material, including but not limited to all patent, trademark, and trade secret rights associated therewith. Service Provider agrees, without additional consideration, to give Client or its nominee at any time in the future all assistance necessary to perfect Client's rights, titles and interest in and to any Work Material, and any derivative works thereof, and to execute all documents reasonably requested by Client to further evidence this assignment. This assignment of the copyright and all related rights includes all of Service Provider's claims and causes of action for the infringement by any third party of any rights in or to the Work Material, or any derivative works thereof, that Service Provider may possess therein, whether such claims and causes of action are filed, arose or accrued before or after the execution of this Agreement, and all remedies associated therewith. Service Provider shall not have any right or license to use Client's materials or works made for hire under this Agreement, except as necessary to provide the Services to Client.

- B.** Notwithstanding anything to the contrary contained in this Section 9, Service Provider shall remain the sole and exclusive owner of and retain all right, title, and interest in and to its pre-existing materials, including all Intellectual Property rights therein, that existed prior to the performance of the Services under this Agreement. Service Provider hereby grants Client a non-exclusive, non-transferrable, perpetual, royalty-free, worldwide license to use, perform, display, execute, reproduce, distribute, transmit, modify or otherwise exploit any pre-existing materials to the extent incorporated in, combined with, or otherwise necessary for the use of the Deliverables. All other rights in and to the pre-existing materials are expressly reserved by Service Provider.
- C.** Service Provider understands that Client will have no obligation to actually use the Work Service Provider submits. However, if Client does use the Work, then Client may, at its option, use Service Provider's name (and, if applicable, Service Provider's physical likeness and/or voice) in connection with the Work or any uses thereof.
- D.** Service Provider hereby represents and warrants to Client that (except for components supplied by Client) all material submitted will be original and will not, in whole or in part, infringe upon the copyrights, proprietary rights, contractual rights or any other rights of any third-party; and the material submitted will contain nothing of an objectionable, libelous or slanderous character and nothing which violates anyone's right to privacy or publicity. Service Provider further represents and warrants that Service Provider has the exclusive and unrestricted right to convey to Client the rights granted herein, free and clear of any claims by any third-party. In the event Service Provider intends to use third-party content for any Work Materials such intent will be provided in writing to Client, and Client will determine to what extent that is acceptable.
- E.** In the event that Service Provider incorporates any third-party material in the Work (including, but not limited, to music and/or lyrics), Service Provider is responsible for obtaining in such form

as Client requests any and all grants, licenses and/or permissions required for Client to own and/or use the material in conjunction with the completed Work, in perpetuity and without further cost to Client or compensation, royalties or residuals to Service Provider or any other third-party. Service Provider shall not use the Work Materials for any purposes other than those provided for herein, or grant, sell or license to any third-party rights to or use of the Work or Work Materials, without advance written permission from Client.

10. Use of Marks. Service Provider will not use the Client's name, or any other name, logo, or mark of Client (collectively the "Marks") for any purpose, unless agreed to and documented under a SOW. Service Provider may use the Marks as identified in the SOW solely for the purpose of and in connection with completing the Work under this Agreement and/or SOW.

11. Representations and Warranties.

- A.** Service Provider represents and warrants to Client that Service Provider (i) has the full right, power, and authority to enter into this Agreement, to grant the rights granted herein, and to perform fully all of its obligations under this Agreement; (ii) entering into this Agreement with Client and performance of the Services do not and will not conflict with or result in any breach or default under any other agreement to which Service Provider is subject to; (iii) has the requisite resources, skill, experience, and qualifications to perform the Services; (iv) shall perform the Services in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote sufficient resources to ensure that the Services are performed in a timely and reliable manner; (v) shall perform the Services in compliance with all applicable federal, state, and local laws and regulations; and that (vi) Client will receive good and valid title to all Deliverables, free and clear of all encumbrances and liens of any kind. When applicable, Service Provider also represents and warrants that the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized.
- B.** Client represents and warrants to Service Provider that (i) it has the full right, power, and authority to enter into this Agreement and to perform its obligations under this Agreement; and (ii) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized.

12. Acceptance of Deliverables. Client shall review Deliverables and provide Service Provider with (i) written approval of such Deliverables, or (ii) a written statement which identifies in reasonable detail the deficiencies preventing the Deliverables' material compliance with the applicable requirements ("Deficiencies"). Service Provider will use commercially reasonable efforts to rectify the Deficiency within a timeframe mutually agreed upon by the Parties to complete corrective actions in order for such Deliverables to conform in all material respects to the applicable requirements, and, upon such rectification, will return the Deliverables to Client to validate that the Deficiencies have been corrected. If Service Provider is unable to correct the Deficiencies in any part of the Deliverables within the agreed upon period, Client shall be entitled, at its option, to a refund or credit of compensation paid to Service Provider under the SOW with respect to the Services giving rise to such Deliverables.

13. Indemnification.

- A.** A. SERVICE PROVIDER AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS CLIENT, AND ITS RESPECTIVE MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, VOLUNTEERS, AND AGENTS (EACH A

“CLIENT INDEMNITEE”) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES OF WHATEVER KIND, INCLUDING REASONABLE ATTORNEYS’ FEES, (COLLECTIVELY “LOSSES”), MADE AGAINST OR INCURRED BY A CLIENT INDEMNITEE, IN CONNECTION WITH THE SERVICES PERFORMED UNDER THIS AGREEMENT, ARISING OUT OF OR RESULTING FROM BODILY INJURY, DEATH OF ANY PERSON, OR DAMAGE TO ANY REAL OR TANGIBLE, PERSONAL PROPERTY RESULTING FROM SERVICE PROVIDER’S ACTS OR OMISSIONS. SERVICE PROVIDER OBLIGATIONS UNDER THIS SECTION 13.A. SHALL APPLY TO THE EXTENT SUCH LOSSES ARE CONTRIBUTED TO OR CAUSED BY THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SERVICE PROVIDER.

- B. CLIENT AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS SERVICE PROVIDER AND ITS AFFILIATES, AND THEIR RESPECTIVE MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, VOLUNTEERS, AND AGENTS (EACH A “SERVICE PROVIDER INDEMNITEE”) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES OF WHATEVER KIND, INCLUDING REASONABLE ATTORNEYS’ FEES, (COLLECTIVELY “LOSSES”), MADE AGAINST OR INCURRED BY A SERVICE PROVIDER INDEMNITEE, IN CONNECTION WITH THE SERVICES PERFORMED UNDER THIS AGREEMENT, ARISING OUT OF OR RESULTING FROM BODILY INJURY, DEATH OF ANY PERSON, OR DAMAGE TO ANY REAL OR TANGIBLE, PERSONAL PROPERTY RESULTING FROM CLIENT’S ACTS OR OMISSIONS. CLIENT OBLIGATIONS UNDER THIS SECTION 13.B. SHALL APPLY TO THE EXTENT SUCH LOSSES ARE CONTRIBUTED TO OR CAUSED BY THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CLIENT.
- C. SERVICE PROVIDER SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS CLIENT FROM ANY LOSS OR LIABILITY (INCLUDING LEGAL FEES AND EXPENSES) ARISING FROM ANY CLAIM OR CAUSE OF ACTION FOR ALLEGED INFRINGEMENT OF PROPRIETARY OR INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY WITH RESPECT TO ANY SERVICES PERFORMED HEREUNDER. SERVICE PROVIDER REPRESENTS THAT THE POSSESSION, USE, OR DISCLOSURE BY CLIENT OF INFORMATION FURNISHED BY SERVICE PROVIDER TO CLIENT WILL NOT VIOLATE THE PROPRIETARY OR INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.
- D. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR TO ANY THIRD PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, LOSS OF DATA, LOSS OF PRODUCT, LOSS OF USE, BUSINESS INTERRUPTION, OR OTHER COMMERCIAL DAMAGES OR LOSSES, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, HOWEVER CAUSED AND WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY AND WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

14. Confidentiality. Client and Services Provider (each a “Receiving Party”) acknowledge and agree that it shall not use for any purpose other than performance of this Agreement and associated SOW(s), or disclose to anyone, other than its officers, employees, or representatives with a need to know for the purposes of this Agreement, either during the Term of this Agreement or any time thereafter, without the express permission of the other Party, any Confidential Information disclosed to the Receiving Party by the other Party (each a “Disclosing Party”). For purposes of this Agreement, the term “Confidential Information” shall be deemed to mean and include all such information, material, and data of the Disclosing Party that (i) is labeled or designated in writing as proprietary; (ii) the Receiving Party knows or reasonably should know is proprietary; and (iii) includes but is not be limited to: information relating to financial data, plans, forecasts, intellectual property, methodologies, agreements, market intelligence,

technical concepts, customer information, product data, strategic analyses, internal developments, publications, accountings, or any other activities conducted or planned by either Party. The confidentiality obligations herein shall not apply to any such information that (i) is or becomes publicly known without any fault of or participation by the Receiving Party; (ii) was in Receiving Party's possession prior to the time it was received from Disclosing Party or came into Receiving Party's possession thereafter, in each case lawfully obtained from a source other than Disclosing Party and not subject to any obligation of confidentiality or restriction of use; (iii) is required to be disclosed by judicial, arbitral, or governmental order or process or operation of law, in which event the Receiving Party shall notify the Disclosing Party of the requirement of disclosure before making such disclosure and shall comply with any protective order or other limitation on disclosure obtained by the Disclosing Party; or (iv) is independently developed by the Receiving Party not having exposure or access to Disclosing Party's Confidential Information. The Receiving Party shall be permitted to use Proprietary Information of the Disclosing Party in connection with any legal proceeding arising out of or in connection with this Agreement, provided the Receiving Party uses commercially reasonable efforts to disclose and/or file such Proprietary Information under seal or to obtain a mutually agreed protective order governing the use and disclosure of such Proprietary Information in the legal proceeding.

15. Insurance. Service Provider will carry and maintain, at its own cost and expense, in full force and effect throughout the Term of this Agreement and performance of the Services, the following insurance coverages:

- a. Worker's Compensation with statutory limits;
- b. Employer's Liability with a minimum limit of \$1,000,000 per occurrence;
- c. Commercial General Liability, including Contractual Liability coverage, with limits no less than \$1,000,000 per occurrence for Bodily Injury or Property Damage and \$2,000,000 in the aggregate;
- d. Professional Liability with a minimum amount of \$1,000,000 per claim.

Upon request, Service Provider shall furnish a certificate or certificates of insurance to Client which evidences such coverages during the Term of this Agreement.

16. Force Majeure. Neither Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement or applicable SOW, when and to the extent such failure or delay is caused by or results from acts beyond the affected Party's reasonable control, including without limitation: (a) acts of God; (b) flood, fire, or explosion; (c) war, invasion, riot, or other civil unrest; (d) actions embargoes or blockades in effect on or after the Effective Date of this Agreement; (e) national or regional emergency; or (f) any other event which is beyond the reasonable control of such Party. A Party whose performance is affected by a Force Majeure event shall give prompt notice to the other Party stating the timeframe the occurrence is expected to continue and shall use diligent efforts to end the failure or delay and minimize the effects of such Force Majeure event. Performance under this Agreement and applicable SOW shall resume once the Force Majeure event has ceased and the affected Party shall use commercially reasonable efforts to fully perform hereunder. Client and Service Provider will work together to reschedule and/or replace the affected Work under the applicable SOW and, if not possible, then any payment for the affected and unfulfilled Work will be promptly refunded by Service Provider to Client.

17. Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of California, United States of America irrespective of conflicts of law's provisions. Venue and jurisdiction of any action regarding this Agreement shall be in the federal court of California or the state courts of the County of Riverside, State of California, United States of America, and each Party consents to the jurisdiction of such courts (and of the appropriate appellate courts).

18. Dispute Resolution. The Parties will attempt to resolve any claim or dispute related to this Agreement through good faith negotiations between a representative of each Party that has the authority to settle such a dispute, taking into consideration the principles of fair dealing and reconciliation. If the Parties are unable to resolve a claim or dispute through such negotiations, any dispute, controversy, or claim arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be settled by final binding arbitration in the State of California, Riverside County, before one arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator may, in the award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing Party. Any judgment or award may be entered in the highest court of the forum, state or federal, having jurisdiction of the matter.

19. Miscellaneous.

- A. Compliance with Laws.** Service Provider will comply with all applicable laws, rules, and regulations during the Term of the Agreement. Service Provider shall also procure all permits, licenses, bonds, registrations, and certificates required to be obtained in the name of Service Provider by the governmental authorities having jurisdiction over the Work.
- B. Severability.** In the event that any clause or provision of this Agreement becomes or is found to be invalid or unenforceable for any reason, such clause or provision may be severed or modified to the extent necessary to make this Agreement valid and enforceable and, if such clause or provision is so severed or modified, the remainder of this Agreement shall continue unabated in full force and effect.
- C. Survival.** The rights and obligations of the Parties set forth in this Agreement shall survive any expiration or termination of this Agreement to the appropriate degree necessary to permit their complete fulfillment or discharge.
- D. Notice.** Notice and other communications required under this Agreement, including legal and tax notices, shall be given in writing and mailed by a national known carrier, signature required. Notice may also be sent by electronic transmission, provided the same is also mailed by a national known carrier, signature required. Notice to Client shall be mailed to the address first written above to the attention of the Client contact named in the SOW. Notice to Service Provider shall be mailed to the address first written above to the attention of the Service Provider contact named in the SOW. Either Party may, by proper notice, at any time designate a different address to which notices shall be sent. Notice shall be deemed duly and sufficiently given five (5) days after mailed in accordance with this subsection.
- E. Entire Agreement.** This Agreement, and each Exhibit and SOW attached hereto, all of which are incorporated herewith by reference, along with any amendments hereto, constitutes the entire Agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements related thereto.

- F. Amendment.** No provision of this Agreement may be amended, modified, or waived except by written instrument signed by both Parties.
- G. Waiver.** No provision of this Agreement shall be waived except in writing signed by the waiving Party. A waiver of any term or provision of this Agreement shall not be construed as a waiver of any other term or provision. Failure to enforce any or all of the terms contained in this Agreement in any particular instance shall not constitute a waiver thereof and subsequent enforcement thereof.
- H. No Assignment or Delegation.** This Agreement is considered a personal service contract or a contract that is uniquely dependent upon the character and nature of both the Service Provider and Client. This Agreement is not assignable and may not be delegated to any third-party without the prior written permission of Client. If said written consent is obtained, each and every assignment or transfer shall be subject to the terms and conditions of this Agreement and to any Amendment or CO which may be agreed upon between the Parties, with the same force and effect as if the assignee or transferee had originally been a Party to this Agreement and the Amendment or CO has been specifically set forth herein.
- I. Counterparts.** This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument. The Parties agree that pdf or other electronic copies of this Agreement shall be considered as a legal original, and physical or verified electronic signatures thereon shall be legal and binding.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

AGREEMENT SIGNATURES			
Desert Water Agency		Lync Consulting LLC	
Signature		Signature	
Printed		Printed	Stephen Dzengelewski
Title		Title	Principal
Date		Date	

Business Transformation Senior Project/Program Manager Statement of Work

This Vendor Statement of Work (“SOW”) is made and entered into as of the SOW Effective Date set forth below and is by and between Desert Water Agency with its principal place of business at 1200 S. Gene Autry Trail, Palm Springs, CA 92263 (“DWA”) and Lync Consulting LLC, a Colorado Limited Liability S Corporation, with its principal place of business at 10073 Heywood Street, Highlands Ranch, CO, 80130 (“Lync Consulting”), Collectively referred to as the “Parties” or individually as a “Party”.

Lync Consulting and DWA entered into a Master Services Agreement effective December XX, 2022 (hereinafter referred to as “MSA”) for the purposes of securing certain services to be performed by Lync Consulting in support of DWA and Lync Consulting is willing to perform such Services as described herein, in accordance with the terms and conditions set forth in the MSA.

Lync Consulting is pleased to assist you in this important effort. This SOW summarizes our understanding of your objectives, provides our services, key responsibilities and fee estimates and other details.

BACKGROUND:

DWA is a not-for-profit government agency located in the Palm Springs, California area and was founded as a groundwater management agency in 1961. DWA is one of only 29 state water contractors in California. This gives DWA the ability to import water, which is used to recharge our groundwater basin (the main source of water in our desert). DWA currently has about 23,000 domestic water connections (services include: groundwater management, drinking water, sewer service (in parts of Cathedral City only), recycled water, and conservation resources) that serve approximately 72,000 people, including seasonal population, by our team of ~85 employees.

DWA is seeking Lync Consulting’s assistance in providing a full time, contract Business Transformation Senior Project/Program Manager to lead the execution of a series of business transformation projects, starting with the largest effort of implementing an Enterprise Resource Planning (ERP) solution (aka DWA 2.0 Program) that will assist in transitioning the organization to service our customers and maximize the efficiency and productivity of our staff and vendor / partners more effectively. This role will work collaboratively with DWA selected software vendor project management to help ensure on-time, in-budget delivery that meets success criteria. Lync Consulting’s Senior Project/Program Manager will also collaborate to create, report, escalate and manage the status, risks, issues, and dependencies.

Lync Consulting’s Senior Project/Program Manager will work under the direction of the PMO lead, but ultimately will report to DWA’s Finance Director, a member of the senior leadership team and the executive project sponsor of the “DWA 2.0 Program”.

SERVICES:

The following is an overview of services and key responsibilities to be provided during this engagement to achieve the desired outcomes.

1. Scope of Services

Provide Project/Program Management services as well as delivery capacity for producing deliverables for the “DWA 2.0 Program”, coordinating all efforts under the guidance of DWA’s PMO Lead.

Project/Program Management services include:

- a. Initiation Services – Put in place the overarching project/program structure, resources strategy/plan, processes, procedures, work sequencing, plans, and communications critical to launch and execute the program.
- b. Execution and Management Services – Implements, controls, and oversees the delivery of the overall project/program and coordinates the efforts of the individual workstreams that make up the program. Works closely with DWA leadership as the representative for the program, helping ensure business objectives are met and providing overall direction.
- c. Other Project/Program management duties as assigned.

2. Key Responsibilities

The primary overarching responsibility for this role is the successful delivery of the “DWA 2.0 Program” as scoped and approved by senior DWA leadership. Within this role, this person is expected to:

- a. Serve as the primary lead and point of contact for the DWA 2.0 Program, primarily focused on project oversight for an ERP implementation
- b. Work with SMEs, the Steering Committee, third-party vendor(s) and the DWA 2.0 Program Executive Sponsor to work through all phases of the project(s); developing clear, well vetted, and fully approved project materials that will then be communicated for full buy-in and execution as appropriate
- c. Develop detailed project and/or program plans that are integrated with the Tyler Project Managers
- d. Develop and maintain risks/issues/dependencies/assumption logs
- e. Identify and gain buy-in for critical milestones, and agreed upon deliverables and quality standards
- f. Regularly track the project status of progress, risks, issues, and dependencies related the schedule, budget, and scope
- g. Report, communicate and escalate (as needed) project status through formal dashboards / reports / meetings based on the needs of the different and specific audience groups. Identify and successfully resolve conflicts/priorities that may occur within the project team and/or key stakeholders.
- h. Working under the direction of the Finance Director & PMO Lead, ensure with both internal and external stakeholders that there is a consistent approach to planning, design and implementation throughout each project that falls into DWA 2.0 Project / Program, particularly in communication and documentation, as needed, detailed analysis to determine required budget, resources, risks and identify ongoing constraints to the project’s execution.

- i. Communicate and escalate to the Finance Director and the project's Steering Committee of the overall project(s) progress, timelines, risks, issues, budget information and scope changes.
- j. Contribute to preparing and participating in functional team and executive level presentations when requested.
- k. Track project plans, milestones and deliverables status and assess any impacts changes will have on cost, resourcing, and schedules.
- l. Prepare parent/child-style, integrated Gantt charts to appropriately assess project & workstream status, dependencies and identify/manage critical paths.
- m. Work with internal teams and third-party vendors to develop and validate software release and/or implementation schedules throughout project/program life, establishing cadence and expectations for post launch software updates and eventual deployment and adoption of solution / process.

RESOURCES:

We propose the following Lync Consulting roles and responsibilities:

Neilin Cooper Senior Project/Program Manager <i>40 hours per week</i>	The Senior Project/Program Manager will have primary responsibility for planning and managing the day-to-day delivery activities for the DWA 2.0 Program so that work is executed in a way that accomplishes the expected results as well as reporting status to program sponsors and other key stakeholders.
Steve Dzengelewski Account Leader & SME <i>Approx. 1 hour per week</i>	The Account Leader will provide executive oversight to the Lync Consulting resource and leverage their firsthand experience leading large business transformation efforts as well as engage other Lync Consulting network expertise as needed. The Account Leader will meet with DWA leadership as needed to monitor progress and assess quality.

PRICING:

To achieve the objectives outlined above, we estimate the following related to of our professional services.

Role	Start Date	End Date	Weekly Hours	Hourly Rate
Senior Project/Program Manager	01/09/2023	12/31/2023	40	\$165
Account Leader & SME	01/09/2023	12/31/2023	0-1	\$0

ASSUMPTIONS:

1. Monthly invoicing based on actual hours worked.
2. Total payments for this SOW will not exceed \$336,600 (51 weeks x 40 hours/week x \$165/hour).
3. Invoice(s) shall be remitted via email to: accountspayable@dwa.org to the attention of Carol Ann Vega.

4. Undisputed invoices are due and payable within 30 days of invoice receipt. If DWA disputes an invoice, DWA will provide Lync Consulting with notice and the basis for the dispute within 14 business days after receiving the invoice, at which time the parties will work together in good faith to resolve any disputes. DWA will then pay the invoice within 30 days after the dispute is resolved.
5. Delinquent accounts are subject to a late payment penalty equal to 1.5% per month on the delinquent balance.
6. All work will be performed remotely. There is no travel anticipated under this SOW. However, should Lync Consulting's Program/Project Leader be required to travel to engage with DWA resources, Lync Consulting resource time and expense to travel for the program will be billed at cost and included on monthly invoice for DWA reimbursement.
7. Out-of-pocket expenses, such as travel between DWA locations, equipment rentals, and supplies will be billed at cost in accordance with DWA's expense policy.

AMMENDMENTS:

Should either party identify a need to revise this arrangement, we will work together to create and document a mutually agreeable change. An amendment can be completed in only one of the following two methods:

1. Via an email notification from Lync Consulting to DWA, with DWA reply stating "Amendment Confirmed".
2. Via a revised Statement of Work Amendment document produced in the same manner as the original Statement of Work.

The Services set forth in this SOW are defined as the Work in the MSA. All the terms and conditions of the MSA apply to the Work.

AGREEMENT SIGNATURES:

IN WITNESS WHEREOF, the Parties hereto have executed this SOW as of the Effective Date.

AGREEMENT SIGNATURES			
Desert Water Agency		Lync Consulting LLC	
Signature		Signature	
Printed		Printed	Stephen Dzengelewski
Title		Title	Principal
Date		Date	

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

OCTOBER 2022

INVESTED
RESERVE FUNDS
\$51,554,431.98

BALANCE	OCTOBER 1, 2022	(\$728,290.79)	
WATER SALES		\$3,472,499.85	
RECLAMATION SALES		78,674.98	
WASTEWATER RECEIPTS		60,158.03	
POWER SALES		12,991.64	
METERS, SERVICES, ETC.		91,015.00	
REIMBURSEMENT – GENERAL FUND		0.00	
REIMBURSEMENT – WASTEWATER FUND		0.00	
ACCOUNTS RECEIVABLE – OTHER		34,667.06	
CUSTOMER DEPOSITS – SURETY		9,802.00	
CUSTOMER DEPOSITS – CONST.		8,621.30	
LEASE REVENUE		90,823.11	
INTEREST RECEIVED ON INV. FDS.		162,888.16	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		<u>51,967.81</u>	
TOTAL RECEIPTS		\$4,074,108.94	
PAYMENTS			
PAYROLL CHECKS		\$473,277.91	
PAYROLL TAXES		202,642.57	
ELECTRONIC TRANSFERS		169,027.02	
CHECKS UNDER \$10,000.00		313,106.08	
CHECKS OVER \$10,000.00 – SCH. #1		3,179,361.02	
CANCELLED CHECKS AND FEES		<u>34,419.36</u>	
TOTAL PAYMENTS		<u>\$4,371,833.96</u>	
NET INCOME		(\$297,725.02)	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		<u>\$0.00</u>	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$1,901,500.00	
FUNDS INVESTED – SCH. #3		<u>2,366,138.16</u>	
NET TRANSFER		(\$464,638.16)	\$464,638.16
BALANCE	OCTOBER 31, 2022	(\$1,490,653.97)	\$52,019,070.14

DESERT WATER AGENCY
Operating Fund
Schedule #1 - Checks Over \$10,000
DESERT WATER



October 2022

Check #	Name	Description	Amount
132429	ACWA/JPIA	Workers Compensation Premium / July - September 2022	\$ 63,929.52
132442	Dudek	Fema Project #147524	\$ 18,555.00
132449	Z&L Paving	Paving	\$ 12,753.50
132488	ACWA/JPIA	Health, dental & vision insurance premiums-November 2022	\$ 209,082.24
132492	Milliman Inc	Actuarial valuation and GASB disclosures	\$ 15,500.00
132509	Best Signs INC	Monument Project	\$ 13,761.08
132518	Desert Water Agency - Wastewater	Ground water billing / July - September 2022	\$ 1,544,847.39
132519	Desert Water Agency - General Fund	Wastewater Revenue billing /July-September 2022	\$ 81,625.15
132521	Launa Stewart	DWA 2.0	\$ 23,575.00
132526	ACWA/JPIA	Liabilty Program/October -September 2023	\$ 287,839.00
132534	American Backflow Specialties	Water service supplies	\$ 24,166.14
132536	Backflow Apparatus & Valve Co	Water service supplies	\$ 22,105.65
132538	Badger Meter Inc	Water service supplies	\$ 62,384.80
132539	Beck Oil Inc	Fuel Purchase	\$ 32,034.21
132542	Calif Survey & Drafting Supply	Software & Supplies	\$ 39,676.13
132561	Down to Earth Landscaping	Landscape maintenance	\$ 39,106.98
132566	Ferguson Waterworks	Water service supplies	\$ 10,367.18
132573	Hach Company	Water service supplies	\$ 18,724.38
132578	Inland Water Works Supply Co.	Water service supplies	\$ 63,552.34
132581	Krieger & Stewart Inc	Engineering Services	\$ 11,813.15
132586	McKeever Waterwell & Pump Inc	Well # 20 pump/pipe installation	\$ 13,188.00
132599	Pacifica Consulting Inc	Consulting Services/programming (8/1/22 - 9/30/22)	\$ 15,512.50
132611	Reeb Government Relations LLC	Consulting Services October 2022-November 2022	\$ 16,000.00
132616	Southern Calif Edison	Power	\$ 385,813.78
132620	Sulzer Electro-MS	Lift Station	\$ 13,259.56
132621	Thatcher Company Of California	Water service supplies	\$ 58,116.76
132625	United Water Works Inc	Water service supplies	\$ 12,279.58
132628	Vasquez & Company LLP	Consulting Services -Audit	\$ 10,000.00
132633	Z&L Paving	Paving	\$ 33,281.00
132647	Pueblo Sand HOA	Grass Removal Rebate	\$ 26,511.00
Total			\$ 3,179,361.02

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- Operating Fund (213426)

Dated: 11/23/2022

Security Type

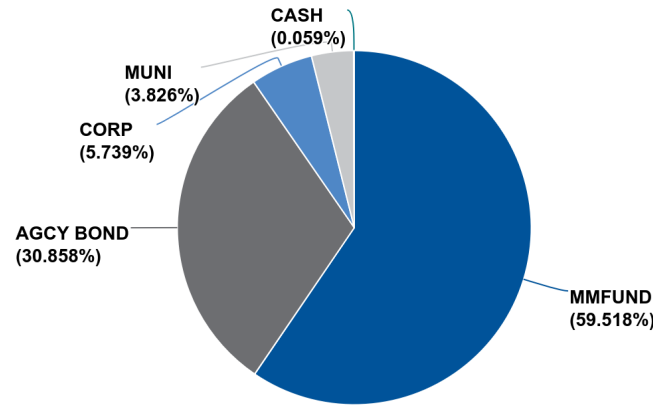


Chart calculated by: PAR Value

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - OP	---	---	10/31/2022	10/31/2022	31,110,596.24	31,110,596.24	31,110,596.24	---
LAIF Money Market Fund LAIF - OP	---	---	10/31/2022	10/31/2022	31,110,596.24	31,110,596.24	31,110,596.24	---

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL FARM CREDIT BANKS FUNDING CORP UnionBanc OP	04/29/2021	04/28/2023	04/28/2025	04/28/2025	1,000,000.00	999,500.00	903,265.00	4.774%
FEDERAL HOME LOAN BANKS UnionBanc OP	06/28/2021	12/30/2022	09/30/2024	09/30/2024	1,000,000.00	1,000,000.00	923,042.00	4.643%
FEDERAL HOME LOAN BANKS UnionBanc OP	09/30/2021	12/30/2022	09/30/2026	09/30/2026	1,000,000.00	1,000,000.00	873,603.00	4.582%
FEDERAL HOME LOAN BANKS UnionBanc OP	09/24/2021	---	09/13/2024	09/13/2024	1,130,000.00	1,125,513.90	1,045,433.06	4.605%
FEDERAL HOME LOAN BANKS UnionBanc OP	04/29/2022	04/29/2024	04/29/2027	04/29/2027	2,000,000.00	2,000,000.00	1,873,892.00	4.640%
FEDERAL HOME LOAN BANKS UnionBanc OP	05/24/2022	05/24/2024	05/24/2027	05/24/2027	2,000,000.00	2,000,000.00	1,882,386.00	4.748%
FEDERAL HOME LOAN BANKS UnionBanc OP	05/23/2022	11/23/2022	05/23/2025	05/23/2025	2,000,000.00	2,000,000.00	1,926,042.00	4.852%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	08/20/2020	08/20/2023	08/20/2025	08/20/2025	1,000,000.00	1,000,000.00	893,583.00	4.723%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	05/26/2022	11/26/2022	08/26/2024	08/26/2024	2,000,000.00	2,000,000.00	1,940,000.00	4.789%

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- Operating Fund (213426)

Dated: 11/23/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	06/30/2020	12/30/2022	06/30/2025	06/30/2025	1,000,000.00	1,000,000.00	900,800.00	4.733%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	08/12/2020	02/12/2023	08/12/2025	08/12/2025	1,000,000.00	1,000,000.00	892,427.00	4.734%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	12/16/2020	12/14/2022	06/14/2024	06/14/2024	1,000,000.00	1,000,500.00	933,849.00	4.663%
--- UnionBanc OP	---	---	10/02/2025	10/02/2025	16,130,000.00	16,125,513.90	14,988,322.06	4.720%

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
AMAZON.COM INC UnionBanc OP	05/16/2022	03/13/2027	04/13/2027	04/13/2027	2,000,000.00	1,987,040.00	1,870,162.00	4.943%
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION UnionBanc OP	06/22/2021	---	12/23/2024	12/23/2024	1,000,000.00	1,000,000.00	898,630.00	5.495%
--- UnionBanc OP	---	---	07/14/2026	07/14/2026	3,000,000.00	2,987,040.00	2,768,792.00	5.122%

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNIVERSITY CALIF REVS UnionBanc OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,695,040.00	5.124%
UNIVERSITY CALIF REVS UnionBanc OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,695,040.00	5.124%

CASH

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Cash UnionBanc OP	---	---	10/31/2022	10/31/2022	30,700.00	30,700.00	30,700.00	0.000%
Cash UnionBanc OP	---	---	10/31/2022	10/31/2022	30,700.00	30,700.00	30,700.00	0.000%

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	01/19/2024	01/19/2024	52,271,296.24	52,049,770.14	50,593,450.30	4.805%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

OCTOBER 2022

INVESTED
RESERVE FUNDS
\$203,323,214.57

BALANCE	OCTOBER 1, 2022	(\$2,015,229.23)	
* TAXES - RIVERSIDE COUNTY		0.00	
* INTEREST EARNED - INV. FUNDS		287,801.94	
GROUNDWATER REPLEN. ASSESSMENT		1,566,544.05	
REIMBURSEMENT - OPERATING FUND		0.00	
REIMBURSEMENT - CVWD MGMT AGRMT		0.00	
STATE WATER PROJECT REFUNDS		457,854.00	
REIMB - CVWD - WHITEWATER HYDRO		1,276.99	
POWER SALES - WHITEWATER		0.00	
MISCELLANEOUS		<u>66,787.60</u>	
TOTAL RECEIPTS		\$2,380,264.58	
PAYMENTS			
CHECKS UNDER \$10,000.00		29,146.95	
CHECKS OVER \$10,000.00 - SCH. #1		954,146.75	
CANCELLED CHECKS AND FEES		<u>282,033.41</u>	
TOTAL PAYMENTS		<u>\$1,265,327.11</u>	
NET INCOME		\$1,114,937.47	
INVESTED RESERVE FUNDS			
FUNDS MATURED		2,187,000.00	
FUNDS INVESTED - SCH. #2		<u>902,187.36</u>	
NET TRANSFER		\$1,284,812.64	(\$1,284,812.64)
BALANCE	OCTOBER 31, 2022	\$384,520.88	\$202,038,401.93
* INCLUSIVE TO DATE		TAXES	INTEREST
RECEIPTS IN FISCAL YEAR		\$929,828.43	\$856,442.50
RECEIPTS IN CALENDAR YEAR		\$30,551,396.21	\$1,616,038.45

DESERT WATER AGENCY
General Fund
Schedule #1 - Checks Over \$10,000
DESERT WATER



October 2022

Check #	Name	Description	Amount
9698	State of California Department of Water Resources	State Water Project - October 2022	\$ 87,150.00
9699	United States Geological Survey	Joint Funding Agreement quarterly billing (10/21 - 09/22)	\$ 23,318.75
9707	Association Of California Water Agencies	ACWA 2023 Annual Agency Dues	\$ 26,790.00
9708	State of California Department of Water Resources	State Water Project - October 2022	\$ 816,888.00
Total			\$ 954,146.75

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- General Fund (213428)

Dated: 11/23/2022

Security Type

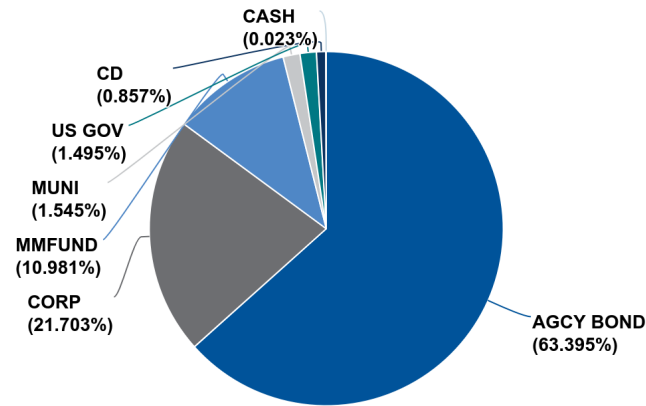


Chart calculated by: PAR Value

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL AGRICULTURAL MORTGAGE CORP Alamo Capital	09/14/2022	---	04/21/2025	04/21/2025	1,000,000.00	977,400.00	953,780.00	4.625%
FEDERAL AGRICULTURAL MORTGAGE CORP Piper Sandler	02/23/2022	02/23/2023	02/23/2027	02/23/2027	3,000,000.00	3,000,000.00	2,710,296.00	4.594%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	08/04/2020	11/14/2022	08/04/2025	08/04/2025	3,000,000.00	3,000,005.00	2,690,187.00	4.706%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	10/15/2020	11/14/2022	10/15/2024	10/15/2024	3,000,000.00	2,995,500.00	2,764,188.00	4.652%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	01/05/2021	11/14/2022	04/05/2024	04/05/2024	3,000,000.00	3,000,000.00	2,818,761.00	4.694%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	02/12/2021	11/14/2022	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,750,070.00	4.647%
FEDERAL FARM CREDIT BANKS FUNDING CORP UnionBanc GF	12/22/2020	12/22/2022	12/22/2025	12/22/2025	3,000,000.00	3,000,000.00	2,631,399.00	4.724%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	10/15/2020	11/14/2022	10/15/2024	10/15/2024	3,000,000.00	3,000,000.00	2,765,850.00	4.652%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	12/28/2020	11/14/2022	12/21/2023	12/21/2023	3,000,000.00	3,000,000.00	2,850,648.00	4.752%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	11/05/2021	11/14/2022	10/20/2026	10/20/2026	3,000,000.00	2,988,000.00	2,628,645.00	4.586%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	02/16/2022	---	02/16/2027	02/16/2027	3,000,000.00	2,999,286.00	2,697,063.00	4.408%
FEDERAL FARM CREDIT BANKS FUNDING CORP Stifel	10/16/2020	11/14/2022	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,822,571.00	4.688%
FEDERAL HOME LOAN BANKS Alamo Capital	04/09/2021	02/18/2023	11/18/2024	11/18/2024	3,000,000.00	2,989,263.00	2,748,210.00	4.645%
FEDERAL HOME LOAN BANKS Alamo Capital	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,616,810.00	4.601%

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- General Fund (213428)

Dated: 11/23/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS Alamo Capital	12/30/2021	12/30/2022	12/30/2024	12/30/2024	3,000,000.00	3,000,005.00	2,796,066.00	4.758%
FEDERAL HOME LOAN BANKS Alamo Capital	09/13/2022	---	06/14/2024	06/14/2024	1,190,000.00	1,182,431.60	1,161,986.21	4.649%
FEDERAL HOME LOAN BANKS UnionBanc GF	12/30/2020	11/14/2022	12/30/2025	12/30/2025	3,000,000.00	3,000,000.00	2,633,526.00	4.718%
FEDERAL HOME LOAN BANKS UnionBanc GF	06/28/2021	12/30/2022	09/30/2024	09/30/2024	3,000,000.00	3,000,000.00	2,769,126.00	4.643%
FEDERAL HOME LOAN BANKS UnionBanc GF	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,620,809.00	4.582%
FEDERAL HOME LOAN BANKS UnionBanc GF	04/29/2022	04/29/2024	04/29/2027	04/29/2027	3,000,000.00	3,000,000.00	2,810,838.00	4.640%
FEDERAL HOME LOAN BANKS UnionBanc GF	06/23/2022	12/23/2022	06/23/2026	06/23/2026	3,000,000.00	3,000,000.00	2,901,387.00	5.210%
FEDERAL HOME LOAN BANKS Piper Sandler	01/28/2021	11/14/2022	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,821,356.00	4.689%
FEDERAL HOME LOAN BANKS Piper Sandler	02/17/2021	02/17/2023	02/17/2026	02/17/2026	3,000,000.00	3,000,000.00	2,633,697.00	4.666%
FEDERAL HOME LOAN BANKS Piper Sandler	02/26/2021	11/26/2022	11/26/2024	11/26/2024	3,000,000.00	3,000,000.00	2,745,735.00	4.643%
FEDERAL HOME LOAN BANKS Piper Sandler	04/22/2021	01/29/2023	04/29/2024	04/29/2024	3,000,000.00	3,000,000.00	2,815,545.00	4.683%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,621,847.00	4.582%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,616,810.00	4.601%
FEDERAL HOME LOAN BANKS Piper Sandler	04/25/2022	07/25/2023	07/25/2025	07/25/2025	3,000,000.00	3,000,000.00	2,891,553.00	4.795%
FEDERAL HOME LOAN BANKS Stifel	02/25/2021	11/25/2022	11/25/2024	11/25/2024	3,000,000.00	3,000,000.00	2,748,966.00	4.643%
FEDERAL HOME LOAN BANKS Stifel	03/30/2021	12/30/2022	09/30/2024	09/30/2024	2,000,000.00	2,000,000.00	1,850,064.00	4.643%
FEDERAL HOME LOAN BANKS Stifel	06/28/2021	12/28/2022	02/28/2024	02/28/2024	3,000,000.00	3,000,000.00	2,829,942.00	4.713%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	09/30/2020	12/30/2022	09/30/2025	09/30/2025	3,000,000.00	3,000,000.00	2,650,950.00	4.716%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	05/12/2022	02/12/2023	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,896,533.00	4.802%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc GF	08/20/2020	08/20/2023	08/20/2025	08/20/2025	3,000,000.00	3,000,000.00	2,680,749.00	4.723%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	06/25/2020	06/25/2023	06/25/2025	06/25/2025	3,000,000.00	3,000,000.00	2,701,578.00	4.738%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	08/26/2020	11/26/2022	08/26/2024	08/26/2024	3,000,000.00	3,000,000.00	2,784,639.00	4.661%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	10/28/2020	01/28/2023	10/28/2024	10/28/2024	3,000,000.00	3,000,000.00	2,760,936.00	4.645%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	11/30/2020	11/30/2022	05/30/2024	05/30/2024	3,000,000.00	3,000,000.00	2,805,009.00	4.666%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	05/26/2022	11/26/2022	05/26/2027	05/26/2027	3,000,000.00	3,000,000.00	2,900,010.00	5.154%
FEDERAL NATIONAL MORTGAGE ASSOCIATION Alamo Capital	08/25/2020	---	08/25/2025	08/25/2025	3,000,000.00	2,985,965.00	2,671,275.00	4.565%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	07/15/2020	01/15/2023	07/15/2025	07/15/2025	3,000,000.00	3,000,000.00	2,700,348.00	4.705%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	08/12/2020	02/12/2023	08/12/2025	08/12/2025	3,000,000.00	3,000,000.00	2,677,281.00	4.734%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	12/16/2020	12/14/2022	06/14/2024	06/14/2024	3,000,000.00	3,001,500.00	2,801,547.00	4.663%
FEDERAL NATIONAL MORTGAGE ASSOCIATION Piper Sandler	12/14/2020	12/14/2022	06/14/2024	06/14/2024	3,000,000.00	3,000,000.00	2,801,547.00	4.663%
---	---	---	06/05/2025	06/05/2025	127,190,000.00	127,119,355.60	116,550,133.21	4.692%

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- General Fund (213428)

Dated: 11/23/2022

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
3M CO Stifel	06/05/2020	03/15/2025	04/15/2025	04/15/2025	3,000,000.00	3,258,120.00	2,825,520.00	5.203%
APPLE INC Alamo Capital	09/16/2019	08/11/2024	09/11/2024	09/11/2024	1,000,000.00	990,552.00	948,488.00	4.723%
APPLE INC UnionBanc GF	01/27/2021	08/11/2024	09/11/2024	09/11/2024	3,000,000.00	3,150,000.00	2,845,464.00	4.723%
APPLE INC Stifel	09/24/2020	04/11/2025	05/11/2025	05/11/2025	2,000,000.00	2,055,740.00	1,829,188.00	4.750%
APPLE INC Stifel	03/26/2021	01/08/2026	02/08/2026	02/08/2026	1,000,000.00	986,200.00	876,423.00	4.831%
APPLE INC Stifel	06/21/2022	11/09/2026	02/09/2027	02/09/2027	3,000,000.00	2,953,920.00	2,842,989.00	4.716%
BANK OF NEW YORK MELLON CORP Alamo Capital	05/06/2020	03/24/2025	04/24/2025	04/24/2025	1,000,000.00	1,020,005.00	915,637.00	5.273%
CATERPILLAR FINANCIAL SERVICES CORP Alamo Capital	12/17/2020	---	09/14/2023	09/14/2023	3,000,000.00	3,012,276.47	2,890,596.00	4.782%
CHEVRON CORP Stifel	07/08/2020	01/03/2024	03/03/2024	03/03/2024	3,000,000.00	3,239,700.00	2,923,611.00	4.880%
CITIBANK NA Stifel	06/24/2020	12/23/2023	01/23/2024	01/23/2024	3,000,000.00	3,297,000.00	2,950,944.00	5.035%
EXXON MOBIL CORP UnionBanc GF	11/22/2019	01/01/2023	03/01/2023	03/01/2023	2,000,000.00	2,055,180.00	1,987,492.00	4.610%
EXXON MOBIL CORP UnionBanc GF	08/11/2022	12/01/2025	03/01/2026	03/01/2026	3,000,000.00	2,976,180.00	2,823,789.00	4.976%
JOHN DEERE CAPITAL CORP Alamo Capital	02/08/2021	---	01/15/2026	01/15/2026	3,000,000.00	3,000,000.00	2,621,439.00	5.010%
MICROSOFT CORP Stifel	02/10/2021	08/03/2025	11/03/2025	11/03/2025	3,000,000.00	3,337,530.00	2,876,178.00	4.611%
MICROSOFT CORP Stifel	12/20/2019	02/01/2023	05/01/2023	05/01/2023	2,000,000.00	2,034,620.00	1,977,860.00	4.640%
TOYOTA MOTOR CREDIT CORP Alamo Capital	10/21/2019	---	10/07/2024	10/07/2024	1,500,000.00	1,499,994.00	1,418,568.00	4.979%
TOYOTA MOTOR CREDIT CORP Alamo Capital	07/18/2022	---	04/14/2025	04/14/2025	2,044,000.00	2,035,824.00	1,964,422.99	5.108%
VISA INC Stifel	01/30/2020	12/10/2022	12/14/2022	12/14/2022	2,000,000.00	2,065,680.00	1,996,694.00	4.147%
WALMART INC Stifel	06/18/2020	10/15/2024	12/15/2024	12/15/2024	2,000,000.00	2,173,300.00	1,920,280.00	4.643%
---	---	---	11/27/2024	11/27/2024	43,544,000.00	45,141,821.46	41,435,582.99	4.821%

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - GF	---	---	10/31/2022	10/31/2022	22,031,509.99	22,031,509.99	22,031,509.99	---
RBC BANK DEPOSIT PROGRAM Alamo Capital	---	---	10/31/2022	10/31/2022	207.12	207.12	207.12	---
---	---	---	10/31/2022	10/31/2022	22,031,717.11	22,031,717.11	22,031,717.11	---

US GOV

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY UnionBanc GF	05/27/2021	---	11/15/2023	11/15/2023	3,000,000.00	3,005,156.25	2,867,343.75	4.651%

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- General Fund (213428)

Dated: 11/23/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY UnionBanc GF	05/27/2021	---	11/15/2023	11/15/2023	3,000,000.00	3,005,156.25	2,867,343.75	4.651%

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
CALIFORNIA ST UNIV REV Alamo Capital	09/09/2022	---	11/01/2026	11/01/2026	1,000,000.00	909,590.00	860,940.00	5.018%
EL CAJON CALIF UnionBanc GF	02/08/2021	---	04/01/2024	04/01/2024	300,000.00	302,583.00	280,419.00	5.792%
EL CAJON CALIF UnionBanc GF	02/08/2021	---	04/01/2023	04/01/2023	400,000.00	402,124.00	392,832.00	5.037%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2025	06/01/2025	400,000.00	403,156.00	356,404.00	5.468%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2024	06/01/2024	550,000.00	552,255.00	510,350.50	5.439%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2023	06/01/2023	450,000.00	450,643.50	436,923.00	5.492%
---	---	---	12/11/2024	12/11/2024	3,100,000.00	3,020,351.50	2,837,868.50	5.302%

CD

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Ally Bank Piper Sandler	06/02/2022	---	06/02/2026	06/02/2026	245,000.00	245,000.00	232,582.67	4.648%
Capital One Bank (USA), National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	228,979.45	4.746%
Capital One, National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	228,979.45	4.746%
Discover Bank Piper Sandler	06/07/2022	---	06/07/2027	06/07/2027	245,000.00	245,000.00	228,988.02	4.746%
JPMorgan Chase Bank, National Association Alamo Capital	02/08/2021	01/16/2023	01/16/2026	01/16/2026	250,000.00	250,000.00	219,525.75	4.709%
Morgan Stanley Bank, N.A. Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	227,968.09	4.745%
Morgan Stanley Private Bank, National Association Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	227,968.09	4.745%
---	---	---	02/05/2027	02/05/2027	1,720,000.00	1,720,000.00	1,594,991.52	4.726%

CASH

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Cash UnionBanc GF	---	---	10/31/2022	10/31/2022	46,050.00	46,050.00	46,050.00	0.000%
Cash UnionBanc GF	---	---	10/31/2022	10/31/2022	46,050.00	46,050.00	46,050.00	0.000%

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	12/26/2024	12/26/2024	200,631,767.11	202,084,451.92	187,363,687.08	4.734%

Monthly Investment Portfolio Report

As of 10/31/2022

AGG- General Fund (213428)

Dated: 11/23/2022

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

BALANCE	OCTOBER 1, 2022	\$914.76	\$1,721,083.28
ACCOUNTS RECEIVABLE - OTHER		\$0.00	
CUSTOMER DEPOSITS - CONSTRUCTION		0.00	
INTEREST EARNED - INVESTED FUNDS		5,833.53	
WASTEWATER REVENUE		81,625.15	
SEWER CAPACITY CHARGES		0.00	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$87,458.68	
PAYMENTS			
CHECKS UNDER \$10,000.00		\$18,363.02	
CHECKS OVER \$10,000.00 - SCH. #1		62,565.01	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$80,928.03</u>	
NET INCOME		\$6,530.65	
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$0.00	
FUNDS INVESTED – SCH. #2		<u>15,833.53</u>	
NET TRANSFER		(\$15,833.53)	\$15,833.53
BALANCE	OCTOBER 31, 2022	(\$8,388.12)	\$1,736,916.81

DESERT WATER AGENCY
Wastewater Fund
Schedule #1 - Checks Over \$10,000

DESERT WATER



October 2022

Check #	Name	Description	Amount
3439	Coachella Valley Water District	Wastewater Revenue Billing for September 2022	\$ 62,565.01
Total			\$ 62,565.01

Security Type

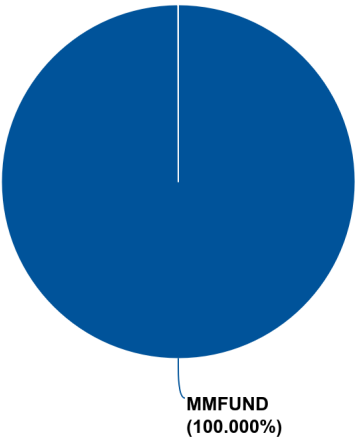


Chart calculated by: PAR Value

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - WW	---	---	10/31/2022	10/31/2022	1,736,916.81	1,736,916.81	1,736,916.81	---
LAIF Money Market Fund LAIF - WW	---	---	10/31/2022	10/31/2022	1,736,916.81	1,736,916.81	1,736,916.81	---

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY

Investment Portfolio Reporting Requirements

*as required by DWA Resolution 1273, Section VII
& California Government Code Section 53646*

as of

October 31, 2022

Statement of Compliance

The Desert Water Agency portfolio is in compliance with the Agency's investment policy and guidelines for investment of Agency funds as outlined in DWA Resolution 1273.

Statement of Agency's Ability to Meet Six-Month Expenditure Requirements

Desert Water Agency has the ability to meet its expenditure requirements for the next six months.

Description of Investments

Agency Bonds

Securities issued by a government-sponsored enterprise or by a federal government department other than the U.S. Treasury.

Bank Deposits

Agency funds on deposit in the General Fund, Operating Fund and Wastewater Fund active checking accounts for use in meeting the daily cash flow requirements of the Agency.

Certificate of Deposits (CD)

Interest bearing time deposit. FDIC insured up to \$250,000 per depositor, per FDIC-insured bank.

Corporate Notes

Debt securities issued by a for-profit company.

Money Market Funds

High quality, short-term debt instruments, cash and cash equivalents. Utilized for overnight holding of investment proceeds prior to reinvesting or transferring to Agency checking accounts.

Municipal Bonds

Fixed income securities issued by states, cities, counties, special districts and other governmental entities.

Treasury Notes

Fixed income securities issued by the federal government with maturities between two and ten years backed by the full faith and credit of the United States government.

Funds Managed by Contracted Parties - LAIF

The Desert Water Agency has contracted with the California Local Agency Investment Fund (LAIF) for investment of Agency funds. LAIF is a voluntary program created by Section 16429.1 et seq. of the California Government Code. LAIF is an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the state Treasurer's Office professional investment staff at no additional cost to the taxpayer or ratepayer. All Agency funds invested with LAIF are available for withdrawal upon demand and may not be altered, impaired or denied in any way (California Government Code Section 16429.4).

Market Value Source

Current market values are provided by Clearwater Analytics for all investment types other than LAIF. LAIF market values are recorded at PAR value.

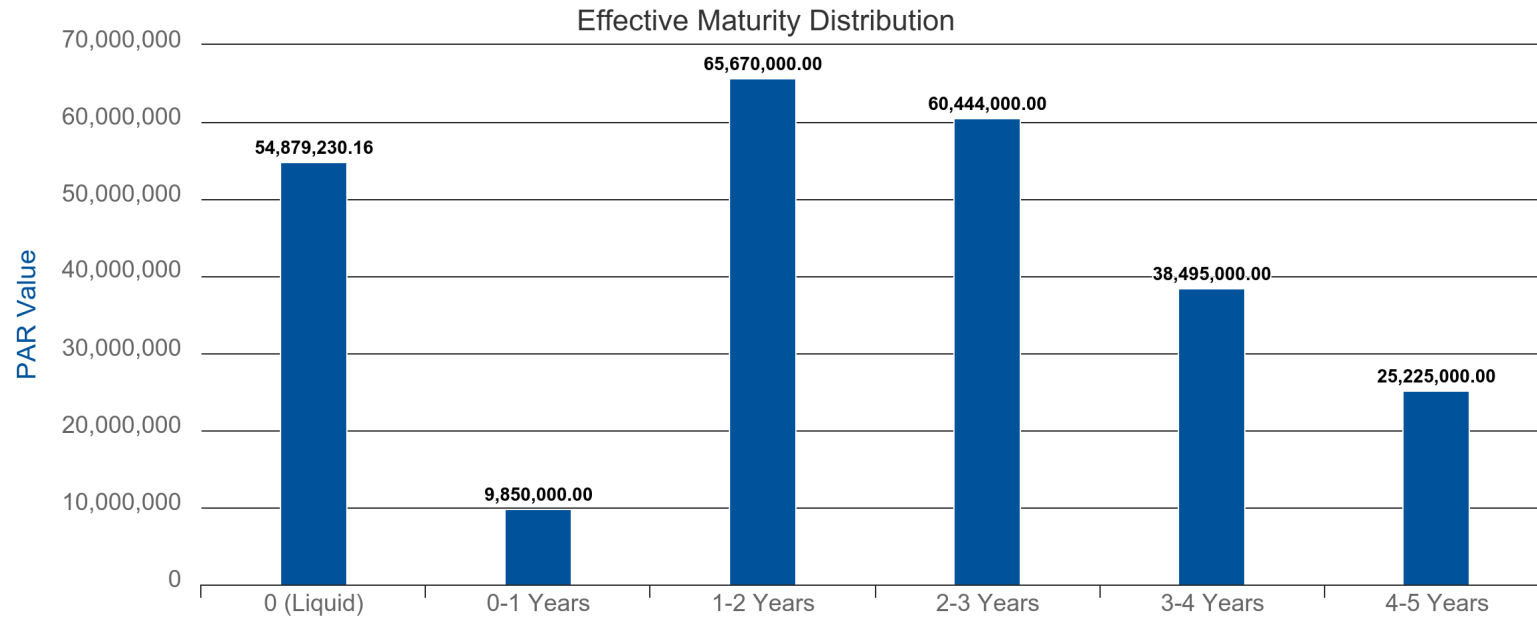
Esther Saenz
Finance Director
Desert Water Agency

Effective Maturity Distribution Summary

As of 10/31/2022

AGG-ALL (219610)

Dated: 11/23/2022



0 (Liquid)

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	MMFUND	22,031,717.11	10/31/2022	10/31/2022
Operating Fund	LAIF - OP	LAIFMMF	LAIF Money Market Fund	MMFUND	31,110,596.24	10/31/2022	10/31/2022
Wastewater Fund	LAIF - WW	LAIFMMF	LAIF Money Market Fund	MMFUND	1,736,916.81	10/31/2022	10/31/2022
---	---	---	---	MMFUND	54,879,230.16	10/31/2022	10/31/2022

0-1 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	9,850,000.00	04/30/2023	04/30/2023
General Fund	---	---	---	---	9,850,000.00	04/30/2023	04/30/2023

1-2 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	60,540,000.00	06/01/2024	06/01/2024
Operating Fund	UnionBanc OP	---	---	AGCY BOND	5,130,000.00	08/22/2024	08/22/2024
---	---	---	---	---	65,670,000.00	06/08/2024	06/08/2024

2-3 Years

Effective Maturity Distribution Summary

AGG-ALL (219610)

As of 10/31/2022

Dated: 11/23/2022

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	53,444,000.00	04/15/2025	04/15/2025
Operating Fund	UnionBanc OP	---	---	---	7,000,000.00	05/27/2025	05/27/2025
---	---	---	---	---	60,444,000.00	04/20/2025	04/20/2025

3-4 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	37,495,000.00	05/09/2026	05/09/2026
Operating Fund	UnionBanc OP	3130AP6M2	FEDERAL HOME LOAN BANKS	AGCY BOND	1,000,000.00	09/30/2026	09/30/2026
---	---	---	---	---	38,495,000.00	05/13/2026	05/13/2026

4-5 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	17,225,000.00	03/21/2027	03/21/2027
Operating Fund	UnionBanc OP	---	---	---	8,000,000.00	05/05/2027	05/05/2027
---	---	---	---	---	25,225,000.00	04/04/2027	04/04/2027

Summary

Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
---	---	---	---	254,563,230.16	10/09/2024	10/09/2024

* Grouped by: Effective Maturity Distribution -> DWA Fund. * Groups Sorted by: Effective Maturity Distribution -> DWA Fund. * Filtered By: Security Type not in "CASH". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
Monthly Investment Portfolio Report

Abbreviations & Definitions

Investment Type Abbreviations	
AGCY BOND	US Agency Obligation ¹
CORP	Medium Term Notes (Corporate Notes) ²
MMFUND	Local Agency Investment Fund (LAIF) ³ & Cash Funds in Transit ⁴
MUNI	Municipal Bonds/Local Agency Bonds ⁵
CD	Negotiable Certificates of Deposit ⁶
US GOV	U.S. Treasury notes, bills bonds or other certificates of indebtedness ⁷

Definitions	
Settle Date	The date of original purchase
Next Call Date	The next eligible date for the issuer to refund or call the bond or note
Effective Maturity	The most likely date that the bond will be called based on current market conditions
Final Maturity	The date the bond matures, DWA receives the full PAR value plus the final interest payment
PAR Value	The principal amount DWA will receive when a bond is either called or matures
Original Cost	The original cost to purchase the bond (includes premium/discount)
Market Value	The current value of the bond at current market rates
Yield to Maturity	The total anticipated return on a bond if the bond is held to maturity

NOTES:

¹ DWA Investment Policy, Resolution 1273, Schedule 1, Item 2

² DWA Investment Policy, Resolution 1273, Schedule 1, Item 14

³ DWA Investment Policy, Resolution 1273, Schedule 1, Item 9

⁴ Cash funds in transit are a result of maturities/calls/coupon payments that are held in the Agency's money market account with the broker/custodian until transferred to the Agency's bank. DWA Investment Policy, Resolution 1273, Schedule 1, Item 15

⁵ DWA Investment Policy, Resolution 1273, Schedule 1, Item 3

⁶ DWA Investment Policy, Resolution 1273, Schedule 1, Item 10

⁷ DWA Investment Policy, Resolution 1273, Schedule 1, Item 1

DESERT WATER AGENCY - OPERATING FUND COMPARATIVE EARNINGS STATEMENT								
MONTH 22-23 OCTOBER	/-----THIS MONTH-----/ THIS YEAR	LAST YEAR	BUDGET	/-----FISCAL YEAR TO DATE-----/ THIS YEAR	LAST YEAR	BUDGET	/---VARIANCE---/ YTD	PCT
OPERATING REVENUES								
WATER SALES	3,482,479.22	3,229,032.26	3,638,200.00	15,674,315.45	14,640,440.72	16,041,500.00	367,184.55-	2-
RECLAMATION SALES	61,675.59	104,442.73	76,100.00	404,301.38	500,109.57	381,700.00	22,601.38	6
POWER SALES	12,991.64	3,860.38	9,250.00	13,735.09	20,066.42	37,000.00	23,264.91-	63-
OTHER OPER REVENUE	171,197.64	61,754.61	229,208.00	838,817.13	682,396.64	883,432.00	44,614.87-	5-
TOTAL OPER REVENUES	3,728,344.09	3,399,089.98	3,952,758.00	16,931,169.05	15,843,013.35	17,343,632.00	412,462.95-	2-
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	61,143.79	44,124.41	115,060.00	1,908,493.79	1,930,719.61	2,213,840.00	305,346.21-	14-
PUMPING EXPENSE	446,387.95	54,803.54	413,100.00	2,028,522.34	212,001.28	1,853,800.00	174,722.34	9
REGULATORY WATER TREAT	100,411.02	53,595.38	72,810.00	348,213.53	274,868.38	291,240.00	56,973.53	20
TRANS & DIST EXPENSE	306,701.73	240,256.50	359,770.00	1,087,620.49	888,989.92	1,439,080.00	351,459.51-	24-
CUSTOMER ACT EXPENSE	83,433.95	82,162.03	105,760.00	281,443.43	314,190.64	423,040.00	141,596.57-	33-
ADMIN & GEN EXPENSE	759,124.16	809,076.58	1,114,647.00	5,316,280.86	4,901,024.90	5,515,188.00	198,907.14-	4-
REGULATORY EXPENSE	24,698.13	28,323.26	35,530.00	78,858.89	50,621.23	142,120.00	63,261.11-	45-
SNOW CREEK HYDRO EXP	4,229.12	1,619.52	5,000.00	13,614.79	12,148.87	20,000.00	6,385.21-	32-
RECLAMATION PLNT EXP	89,060.76	48,967.50	114,080.00	317,008.75	281,098.80	456,320.00	139,311.25-	31-
SUB-TOTAL	1,875,190.61	1,362,928.72	2,335,757.00	11,380,056.87	8,865,663.63	12,354,628.00	974,571.13-	8-
OTHER OPER EXPENSES								
DEPRECIATION	543,360.29	515,637.56	553,900.00	2,106,251.43	2,066,747.88	2,215,600.00	109,348.57-	5-
SERVICES RENDERED	4,802.61	4,966.15	14,200.00	53,739.16	28,196.66	56,800.00	3,060.84-	5-
DIR & INDIR CST FOR WO	181,775.69-	185,792.26-	280,580.00-	1,034,807.45-	1,025,496.13-	1,122,320.00-	87,512.55	8-
TOTAL OPER EXPENSES	2,241,577.82	1,697,740.17	2,623,277.00	12,505,240.01	9,935,112.04	13,504,708.00	999,467.99-	7-
NET INCOME FROM OPERATIONS	1,486,766.27	1,701,349.81	1,329,481.00	4,425,929.04	5,907,901.31	3,838,924.00	587,005.04	15
NON-OPERATING INCOME (NET)								
RENTS	3,899.11	14,701.37	15,775.00	27,923.44	57,716.48	63,100.00	35,176.56-	56-
INTEREST REVENUES	85,575.06	12,571.45	48,600.00	275,868.27	43,899.96	194,400.00	81,468.27	42
OTHER REVENUES	50,674.78	140.00	.00	80,109.28	377,370.01	.00	80,109.28	0
GAINS ON RETIREMENT	.00	.00	6,310.00	.00	.00	12,620.00	12,620.00-	100-
DISCOUNTS	34.81	5.00	33.00	1,390.30	150.10	132.00	1,258.30	953
PR. YEAR EXPENSES	.00	.00	.00	.01	1,229.84-	.00	.01	0
OTHER EXPENSES	.00	.00	4,630.00-	.00	.00	18,520.00-	18,520.00	100-
LOSS ON RETIREMENTS	189.54-	.00	9,000.00-	189.54-	35,269.77-	36,000.00-	35,810.46	99-
TOTAL NON-OPER INCOME	139,994.22	27,417.82	57,088.00	385,101.76	471,391.81	215,732.00	169,369.76	79
TOTAL NET INCOME	1,626,760.49	1,728,767.63	1,386,569.00	4,811,030.80	6,379,293.12	4,054,656.00	756,374.80	19

November 2022

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

OPERATING ACCOUNT

NOVEMBER 2022

INVESTED
RESERVE FUNDS
\$52,019,070.14

BALANCE	NOVEMBER 30, 2022	(\$1,490,653.97)	
WATER SALES		\$3,748,857.36	
RECLAMATION SALES		77,037.39	
WASTEWATER RECEIPTS		97,475.62	
POWER SALES		6,520.87	
METERS, SERVICES, ETC.		121,914.35	
REIMBURSEMENT – GENERAL FUND		204,231.94	
REIMBURSEMENT – WASTEWATER FUND		141,486.16	
ACCOUNTS RECEIVABLE – OTHER		10,287.79	
CUSTOMER DEPOSITS – SURETY		4,428.00	
CUSTOMER DEPOSITS – CONST.		6,881.24	
LEASE REVENUE		3,899.11	
INTEREST RECEIVED ON INV. FDS.		79,160.00	
FRONT FOOTAGE FEES		0.00	
BOND SERVICE & RESERVE FUND INT		0.00	
MISCELLANEOUS		<u>8,326.16</u>	
TOTAL RECEIPTS		\$4,510,505.99	
PAYMENTS			
PAYROLL CHECKS		\$570,377.75	
PAYROLL TAXES		238,129.02	
ELECTRONIC TRANSFERS		212,018.68	
CHECKS UNDER \$10,000.00		341,157.10	
CHECKS OVER \$10,000.00 – SCH. #1		1,294,618.04	
CANCELLED CHECKS AND FEES		<u>29,426.52</u>	
TOTAL PAYMENTS		<u>\$2,685,727.11</u>	
NET INCOME		\$1,824,778.88	
BOND SERVICE ACCOUNT			
MONTHLY WATER SALES		\$0.00	
EXCESS RETURNED BY B/A		<u>\$0.00</u>	
BOND SERVICE FUND			\$0.00
INVESTED RESERVE FUNDS			
FUNDS MATURED		\$1,309,000.00	
FUNDS INVESTED – SCH. #3		<u>2,225,000.00</u>	
NET TRANSFER			<u>(\$916,000.00)</u> \$916,000.00
BALANCE	NOVEMBER 30, 2022	(\$581,875.09)	\$52,935,070.14

DESERT WATER AGENCY
Operating Fund
Schedule #1 - Checks Over \$10,000



November 2022

Check #	Name	Description	Amount
132658	GHA Vue PS LLC	Work Order Refund-(W.O. #21-805---08)	\$ 101,169.64
132685	Dudek	FEMA Project No . 147524	\$ 69,823.26
132719	Thatcher Company of California	Water service supplies	\$ 23,890.52
132721	Z & L Paving	Paving	\$ 18,762.25
132742	Launa Stewart	DWA 2.0-Project Management	\$ 27,945.00
132752	Tess Electric Inc	Well Equipment Upgrade 2021/2022	\$ 26,139.60
132759	Desert Water Agency - Wastewater	Wastewater Fund Revenue Billing November 2022	\$ 60,056.18
132769	ACWA/JPIA	Workers Compensation Premium / December 2022	\$ 216,962.86
132770	Mighty Oak Technology	Acorn Technology Service -IT Managed Service Provider	\$ 12,729.43
132786	Badger Meter Inc	Meter Purchase (W/O #22-202-M-77)	\$ 66,434.93
132787	Beck Oil Inc	Fuel Purchase	\$ 18,497.10
132788	Best Best & Krieger LLP	Legal Fees	\$ 42,402.99
132819	Inland Water Works Supply Co.	Water service supplies	\$ 46,492.78
132847	Singer Lewak LLP	IT Governance	\$ 84,974.84
132848	Southern Calif Edison	Power	\$ 326,118.28
132852	Thatcher Company of California	Water service supplies	\$ 27,732.08
132853	American Trainco LLC	Generators & Emergency Power Training	\$ 12,685.00
132854	Tyler Technologies Inc	Tyler Munis (W/O #20-178-M--73)	\$ 12,322.80
132861	Z&L Paving	Paving	\$ 17,675.50
132864	Mark Brandt	Grass Removal Rebate	\$ 24,882.00
132872	Cathedral City Mcdonalds	Grass Removal Rebate	\$ 12,438.00
132887	Darren Misaresh	Grass Removal Rebate	\$ 11,199.00
132893	Sheila Monroe	Grass Removal Rebate	\$ 11,288.00
132894	Todd Burke	Grass Removal Rebate	\$ 10,908.00
132895	James Ullo	Grass Removal Rebate	\$ 11,088.00
Total			\$ 1,294,618.04

Monthly Investment Portfolio Report

As of 11/30/2022

AGG- Operating Fund (213426)

Dated: 12/12/2022

Security Type

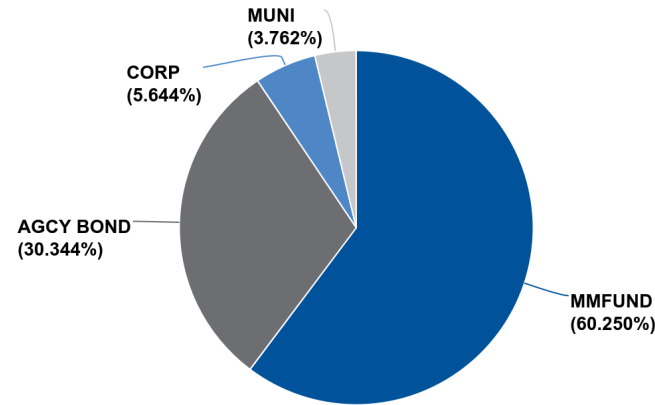


Chart calculated by: PAR Value

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - OP	---	---	11/30/2022	11/30/2022	32,026,596.24	32,026,596.24	32,026,596.24	---
LAIF Money Market Fund LAIF - OP	---	---	11/30/2022	11/30/2022	32,026,596.24	32,026,596.24	32,026,596.24	---

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL FARM CREDIT BANKS FUNDING CORP UnionBanc OP	04/29/2021	04/28/2023	04/28/2025	04/28/2025	1,000,000.00	999,500.00	911,561.00	4.523%
FEDERAL HOME LOAN BANKS UnionBanc OP	06/28/2021	12/30/2022	09/30/2024	09/30/2024	1,000,000.00	1,000,000.00	925,325.00	4.698%
FEDERAL HOME LOAN BANKS UnionBanc OP	09/30/2021	12/30/2022	09/30/2026	09/30/2026	1,000,000.00	1,000,000.00	888,112.00	4.211%
FEDERAL HOME LOAN BANKS UnionBanc OP	09/24/2021	---	09/13/2024	09/13/2024	1,130,000.00	1,125,513.90	1,050,301.10	4.530%
FEDERAL HOME LOAN BANKS UnionBanc OP	04/29/2022	04/29/2024	04/29/2027	04/29/2027	2,000,000.00	2,000,000.00	1,902,308.00	4.296%
FEDERAL HOME LOAN BANKS UnionBanc OP	05/24/2022	05/24/2024	05/24/2027	05/24/2027	2,000,000.00	2,000,000.00	1,914,134.00	4.365%
FEDERAL HOME LOAN BANKS UnionBanc OP	05/23/2022	02/23/2023	05/23/2025	05/23/2025	2,000,000.00	2,000,000.00	1,939,676.00	4.600%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	08/20/2020	08/20/2023	08/20/2025	08/20/2025	1,000,000.00	1,000,000.00	904,180.00	4.398%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc OP	05/26/2022	02/26/2023	08/26/2024	08/26/2024	2,000,000.00	2,000,000.00	1,945,804.00	4.688%

Monthly Investment Portfolio Report

As of 11/30/2022

AGG- Operating Fund (213426)

Dated: 12/12/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	06/30/2020	12/30/2022	06/30/2025	06/30/2025	1,000,000.00	1,000,000.00	910,141.00	4.450%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	08/12/2020	02/12/2023	08/12/2025	08/12/2025	1,000,000.00	1,000,000.00	902,919.00	4.413%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc OP	12/16/2020	03/14/2023	06/14/2024	06/14/2024	1,000,000.00	1,000,500.00	935,212.00	4.792%
--- UnionBanc OP	---	---	10/03/2025	10/03/2025	16,130,000.00	16,125,513.90	15,129,673.10	4.497%

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
AMAZON.COM INC UnionBanc OP	05/16/2022	03/13/2027	04/13/2027	04/13/2027	2,000,000.00	1,987,040.00	1,915,900.00	4.367%
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION UnionBanc OP	06/22/2021	---	12/23/2024	12/23/2024	1,000,000.00	1,000,000.00	904,220.00	5.385%
--- UnionBanc OP	---	---	07/18/2026	07/18/2026	3,000,000.00	2,987,040.00	2,820,120.00	4.693%

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNIVERSITY CALIF REVS UnionBanc OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,700,240.00	5.118%
UNIVERSITY CALIF REVS UnionBanc OP	05/16/2022	03/15/2027	05/15/2027	05/15/2027	2,000,000.00	1,795,920.00	1,700,240.00	5.118%

Summary

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	02/01/2024	02/01/2024	53,156,596.24	52,935,070.14	51,676,629.34	4.579%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

NOVEMBER 2022

INVESTED
RESERVE FUNDS
\$202,038,401.93

BALANCE	NOVEMBER 1, 2022	\$384,520.88	
* TAXES - RIVERSIDE COUNTY		846,209.17	
* INTEREST EARNED - INV. FUNDS		191,215.00	
GROUNDWATER REPLEN. ASSESSMENT		105,746.46	
REIMBURSEMENT - OPERATING FUND		0.00	
REIMBURSEMENT - CVWD MGMT AGRMT		130,301.54	
STATE WATER PROJECT REFUNDS		6,145.00	
REIMB - CVWD - WHITEWATER HYDRO		1,304.86	
POWER SALES - WHITEWATER		0.00	
MISCELLANEOUS		<u>195.00</u>	
TOTAL RECEIPTS		\$1,281,117.03	
PAYMENTS			
CHECKS UNDER \$10,000.00		12,977.82	
CHECKS OVER \$10,000.00 - SCH. #1		1,225,333.94	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$1,238,311.76</u>	
NET INCOME		\$42,805.27	
INVESTED RESERVE FUNDS			
FUNDS MATURED		9,095,000.00	
FUNDS INVESTED - SCH. #2		<u>10,162,234.17</u>	
NET TRANSFER		(\$1,067,234.17)	\$1,067,234.17
BALANCE	NOVEMBER 30, 2022	(\$639,908.02)	\$203,105,636.10
* INCLUSIVE TO DATE		TAXES	INTEREST
RECEIPTS IN FISCAL YEAR		\$1,776,037.60	\$1,047,657.50
RECEIPTS IN CALENDAR YEAR		\$31,397,605.38	\$1,807,253.45

Monthly Investment Portfolio Report

As of 11/30/2022

AGG- General Fund (213428)

Dated: 12/12/2022

Security Type

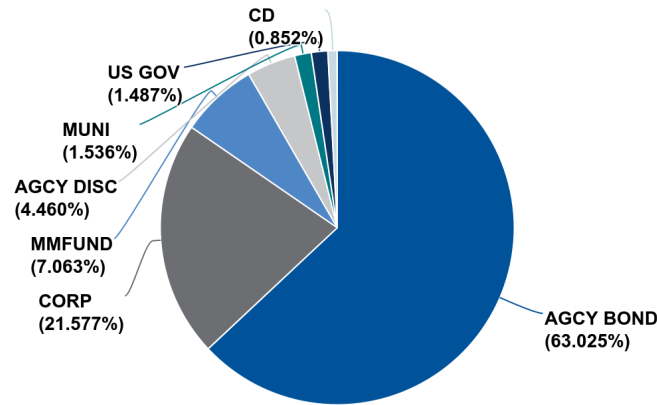


Chart calculated by: PAR Value

AGCY BOND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL AGRICULTURAL MORTGAGE CORP Alamo Capital	09/14/2022	---	04/21/2025	04/21/2025	1,000,000.00	977,400.00	959,123.00	4.444%
FEDERAL AGRICULTURAL MORTGAGE CORP Piper Sandler	02/23/2022	02/23/2023	02/23/2027	02/23/2027	3,000,000.00	3,000,000.00	2,756,901.00	4.210%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	08/04/2020	12/13/2022	08/04/2025	08/04/2025	3,000,000.00	3,000,005.00	2,718,822.00	4.419%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	10/15/2020	12/13/2022	10/15/2024	10/15/2024	3,000,000.00	2,995,500.00	2,772,003.00	4.681%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	01/05/2021	12/13/2022	04/05/2024	04/05/2024	3,000,000.00	3,000,000.00	2,823,603.00	4.830%
FEDERAL FARM CREDIT BANKS FUNDING CORP Alamo Capital	02/12/2021	12/13/2022	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,759,073.00	4.656%
FEDERAL FARM CREDIT BANKS FUNDING CORP UnionBanc GF	12/22/2020	12/22/2022	12/22/2025	12/22/2025	3,000,000.00	3,000,000.00	2,669,943.00	4.347%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	10/15/2020	12/13/2022	10/15/2024	10/15/2024	3,000,000.00	3,000,000.00	2,773,596.00	4.681%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	12/28/2020	12/13/2022	12/21/2023	12/21/2023	3,000,000.00	3,000,000.00	2,858,592.00	4.832%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	11/05/2021	12/13/2022	10/20/2026	10/20/2026	3,000,000.00	2,988,000.00	2,673,009.00	4.207%
FEDERAL FARM CREDIT BANKS FUNDING CORP Piper Sandler	02/16/2022	---	02/16/2027	02/16/2027	3,000,000.00	2,999,286.00	2,744,820.00	4.015%
FEDERAL FARM CREDIT BANKS FUNDING CORP Stifel	10/16/2020	12/13/2022	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,827,239.00	4.829%
FEDERAL HOME LOAN BANKS Alamo Capital	04/09/2021	02/18/2023	11/18/2024	11/18/2024	3,000,000.00	2,989,263.00	2,757,444.00	4.649%
FEDERAL HOME LOAN BANKS Alamo Capital	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,662,293.00	4.210%

Monthly Investment Portfolio Report

As of 11/30/2022

AGG- General Fund (213428)

Dated: 12/12/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS Alamo Capital	12/30/2021	12/30/2022	12/30/2024	12/30/2024	3,000,000.00	3,000,005.00	2,813,058.00	4.630%
FEDERAL HOME LOAN BANKS Alamo Capital	09/13/2022	---	06/14/2024	06/14/2024	1,190,000.00	1,182,431.60	1,164,479.26	4.583%
FEDERAL HOME LOAN BANKS UnionBanc GF	12/30/2020	12/13/2022	12/30/2025	12/30/2025	3,000,000.00	3,000,000.00	2,673,984.00	4.322%
FEDERAL HOME LOAN BANKS UnionBanc GF	06/28/2021	12/30/2022	09/30/2024	09/30/2024	3,000,000.00	3,000,000.00	2,775,975.00	4.698%
FEDERAL HOME LOAN BANKS UnionBanc GF	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,664,336.00	4.211%
FEDERAL HOME LOAN BANKS UnionBanc GF	04/29/2022	04/29/2024	04/29/2027	04/29/2027	3,000,000.00	3,000,000.00	2,853,462.00	4.296%
FEDERAL HOME LOAN BANKS UnionBanc GF	06/23/2022	12/23/2022	06/23/2026	06/23/2026	3,000,000.00	3,000,000.00	2,929,986.00	4.931%
FEDERAL HOME LOAN BANKS Piper Sandler	01/28/2021	12/13/2022	03/28/2024	03/28/2024	3,000,000.00	3,000,000.00	2,826,099.00	4.829%
FEDERAL HOME LOAN BANKS Piper Sandler	02/17/2021	02/17/2023	02/17/2026	02/17/2026	3,000,000.00	3,000,000.00	2,668,161.00	4.350%
FEDERAL HOME LOAN BANKS Piper Sandler	02/26/2021	02/26/2023	11/26/2024	11/26/2024	3,000,000.00	3,000,000.00	2,755,278.00	4.641%
FEDERAL HOME LOAN BANKS Piper Sandler	04/22/2021	01/29/2023	04/29/2024	04/29/2024	3,000,000.00	3,000,000.00	2,820,048.00	4.814%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,665,356.00	4.211%
FEDERAL HOME LOAN BANKS Piper Sandler	09/30/2021	12/30/2022	09/30/2026	09/30/2026	3,000,000.00	3,000,000.00	2,662,293.00	4.210%
FEDERAL HOME LOAN BANKS Piper Sandler	04/25/2022	07/25/2023	07/25/2025	07/25/2025	3,000,000.00	3,000,000.00	2,907,807.00	4.649%
FEDERAL HOME LOAN BANKS Stifel	02/25/2021	02/25/2023	11/25/2024	11/25/2024	3,000,000.00	3,000,000.00	2,758,353.00	4.642%
FEDERAL HOME LOAN BANKS Stifel	03/30/2021	12/30/2022	09/30/2024	09/30/2024	2,000,000.00	2,000,000.00	1,855,450.00	4.669%
FEDERAL HOME LOAN BANKS Stifel	06/28/2021	12/28/2022	02/28/2024	02/28/2024	3,000,000.00	3,000,000.00	2,834,745.00	4.866%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	09/30/2020	12/30/2022	09/30/2025	09/30/2025	3,000,000.00	3,000,000.00	2,683,998.00	4.394%
FEDERAL HOME LOAN MORTGAGE CORP Alamo Capital	05/12/2022	02/12/2023	11/12/2024	11/12/2024	3,000,000.00	3,000,000.00	2,909,259.00	4.639%
FEDERAL HOME LOAN MORTGAGE CORP UnionBanc GF	08/20/2020	08/20/2023	08/20/2025	08/20/2025	3,000,000.00	3,000,000.00	2,712,540.00	4.398%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	06/25/2020	06/25/2023	06/25/2025	06/25/2025	3,000,000.00	3,000,000.00	2,728,701.00	4.464%
FEDERAL HOME LOAN MORTGAGE CORP Piper Sandler	08/26/2020	02/26/2023	08/26/2024	08/26/2024	3,000,000.00	3,000,000.00	2,790,756.00	4.725%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	10/28/2020	01/28/2023	10/28/2024	10/28/2024	3,000,000.00	3,000,000.00	2,769,111.00	4.666%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	11/30/2020	---	05/30/2024	05/30/2024	3,000,000.00	3,000,000.00	2,815,020.00	4.664%
FEDERAL HOME LOAN MORTGAGE CORP Stifel	05/26/2022	02/26/2023	05/26/2027	05/26/2027	3,000,000.00	3,000,000.00	2,922,066.00	5.009%
FEDERAL NATIONAL MORTGAGE ASSOCIATION Alamo Capital	08/25/2020	---	08/25/2025	08/25/2025	3,000,000.00	2,985,965.00	2,703,942.00	4.232%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	07/15/2020	01/15/2023	07/15/2025	07/15/2025	3,000,000.00	3,000,000.00	2,727,084.00	4.439%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	08/12/2020	02/12/2023	08/12/2025	08/12/2025	3,000,000.00	3,000,000.00	2,708,757.00	4.413%
FEDERAL NATIONAL MORTGAGE ASSOCIATION UnionBanc GF	12/16/2020	03/14/2023	06/14/2024	06/14/2024	3,000,000.00	3,001,500.00	2,805,636.00	4.792%
FEDERAL NATIONAL MORTGAGE ASSOCIATION Piper Sandler	12/14/2020	03/14/2023	06/14/2024	06/14/2024	3,000,000.00	3,000,000.00	2,805,636.00	4.792%
---	---	---	06/06/2025	06/06/2025	127,190,000.00	127,119,355.60	117,467,837.26	4.555%

Monthly Investment Portfolio Report

As of 11/30/2022

AGG- General Fund (213428)

Dated: 12/12/2022

CORP

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
3M CO Stifel	06/05/2020	03/15/2025	04/15/2025	04/15/2025	3,000,000.00	3,258,120.00	2,867,118.00	4.640%
APPLE INC Alamo Capital	09/16/2019	08/11/2024	09/11/2024	09/11/2024	1,000,000.00	990,552.00	952,667.00	4.598%
APPLE INC UnionBanc GF	01/27/2021	08/11/2024	09/11/2024	09/11/2024	3,000,000.00	3,150,000.00	2,858,001.00	4.598%
APPLE INC Stifel	09/24/2020	04/11/2025	05/11/2025	05/11/2025	2,000,000.00	2,055,740.00	1,847,520.00	4.447%
APPLE INC Stifel	03/26/2021	01/08/2026	02/08/2026	02/08/2026	1,000,000.00	986,200.00	891,960.00	4.366%
APPLE INC Stifel	06/21/2022	11/09/2026	02/09/2027	02/09/2027	3,000,000.00	2,953,920.00	2,896,773.00	4.254%
BANK OF NEW YORK MELLON CORP Alamo Capital	05/06/2020	03/24/2025	04/24/2025	04/24/2025	1,000,000.00	1,020,005.00	925,248.00	4.941%
CATERPILLAR FINANCIAL SERVICES CORP Alamo Capital	12/17/2020	---	09/14/2023	09/14/2023	3,000,000.00	3,012,276.47	2,900,997.00	4.761%
CHEVRON CORP Stifel	07/08/2020	01/03/2024	03/03/2024	03/03/2024	3,000,000.00	3,239,700.00	2,934,630.00	4.695%
CITIBANK NA Stifel	06/24/2020	12/23/2023	01/23/2024	01/23/2024	3,000,000.00	3,297,000.00	2,956,467.00	4.963%
EXXON MOBIL CORP UnionBanc GF	11/22/2019	01/01/2023	03/01/2023	03/01/2023	2,000,000.00	2,055,180.00	1,989,992.00	4.697%
EXXON MOBIL CORP UnionBanc GF	08/11/2022	12/01/2025	03/01/2026	03/01/2026	3,000,000.00	2,976,180.00	2,877,279.00	4.405%
JOHN DEERE CAPITAL CORP Alamo Capital	02/08/2021	---	01/15/2026	01/15/2026	3,000,000.00	3,000,000.00	2,670,624.00	4.506%
MICROSOFT CORP Stifel	02/10/2021	08/03/2025	11/03/2025	11/03/2025	3,000,000.00	3,337,530.00	2,911,314.00	4.209%
MICROSOFT CORP Stifel	12/20/2019	02/01/2023	05/01/2023	05/01/2023	2,000,000.00	2,034,620.00	1,986,744.00	3.974%
TOYOTA MOTOR CREDIT CORP Alamo Capital	10/21/2019	---	10/07/2024	10/07/2024	1,500,000.00	1,499,994.00	1,424,508.00	4.872%
TOYOTA MOTOR CREDIT CORP Alamo Capital	07/18/2022	---	04/14/2025	04/14/2025	2,044,000.00	2,035,824.00	1,985,719.43	4.682%
VISA INC Stifel	01/30/2020	---	12/14/2022	12/14/2022	2,000,000.00	2,065,680.00	1,999,172.00	3.817%
WALMART INC Stifel	06/18/2020	10/15/2024	12/15/2024	12/15/2024	2,000,000.00	2,173,300.00	1,929,128.00	4.485%
---	---	---	11/29/2024	11/29/2024	43,544,000.00	45,141,821.46	41,805,861.43	4.516%

MMFUND

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - GF	---	---	11/30/2022	11/30/2022	14,253,909.99	14,253,909.99	14,253,909.99	---
RBC BANK DEPOSIT PROGRAM Alamo Capital	---	---	11/30/2022	11/30/2022	207.21	207.21	207.21	---
---	---	---	11/30/2022	11/30/2022	14,254,117.20	14,254,117.20	14,254,117.20	---

AGCY DISC

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	02/22/2023	02/22/2023	3,000,000.00	2,966,292.50	2,970,150.00	4.367%

Monthly Investment Portfolio Report

As of 11/30/2022

AGG- General Fund (213428)

Dated: 12/12/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	05/15/2023	05/15/2023	3,000,000.00	2,934,366.67	2,937,288.00	4.694%
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	04/20/2023	04/20/2023	3,000,000.00	2,944,175.00	2,947,626.00	4.600%
FEDERAL HOME LOAN BANKS Piper Sandler	11/17/2022	---	04/09/2023	04/09/2023	9,000,000.00	8,844,834.17	8,855,064.00	4.553%

US GOV

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
UNITED STATES TREASURY UnionBanc GF	05/27/2021	---	11/15/2023	11/15/2023	3,000,000.00	3,005,156.25	2,874,375.00	4.771%
UNITED STATES TREASURY UnionBanc GF	05/27/2021	---	11/15/2023	11/15/2023	3,000,000.00	3,005,156.25	2,874,375.00	4.771%

MUNI

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
CALIFORNIA ST UNIV REV Alamo Capital	09/09/2022	---	11/01/2026	11/01/2026	1,000,000.00	909,590.00	870,560.00	4.800%
EL CAJON CALIF UnionBanc GF	02/08/2021	---	04/01/2024	04/01/2024	300,000.00	302,583.00	283,455.00	5.254%
EL CAJON CALIF UnionBanc GF	02/08/2021	---	04/01/2023	04/01/2023	400,000.00	402,124.00	394,436.00	4.850%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2025	06/01/2025	400,000.00	403,156.00	360,952.00	5.091%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2024	06/01/2024	550,000.00	552,255.00	513,881.50	5.227%
MONTEREY PK CALIF PENSION OBLIG UnionBanc GF	02/16/2021	---	06/01/2023	06/01/2023	450,000.00	450,643.50	438,984.00	5.363%
---	---	---	12/12/2024	12/12/2024	3,100,000.00	3,020,351.50	2,862,268.50	5.052%

CD

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
Ally Bank Piper Sandler	06/02/2022	---	06/02/2026	06/02/2026	245,000.00	245,000.00	230,264.72	4.991%
Capital One Bank (USA), National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	226,507.64	5.036%
Capital One, National Association Piper Sandler	06/08/2022	---	06/08/2027	06/08/2027	245,000.00	245,000.00	226,507.64	5.036%
Discover Bank Piper Sandler	06/07/2022	---	06/07/2027	06/07/2027	245,000.00	245,000.00	226,517.93	5.036%
JPMorgan Chase Bank, National Association Alamo Capital	02/08/2021	01/16/2023	01/16/2026	01/16/2026	250,000.00	250,000.00	219,069.00	4.884%
Morgan Stanley Bank, N.A. Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	225,517.36	5.036%
Morgan Stanley Private Bank, National Association Piper Sandler	06/09/2022	---	06/09/2027	06/09/2027	245,000.00	245,000.00	225,517.36	5.036%
---	---	---	02/04/2027	02/04/2027	1,720,000.00	1,720,000.00	1,579,901.66	5.009%

Summary

Monthly Investment Portfolio Report

AGG- General Fund (213428)

As of 11/30/2022

Dated: 12/12/2022

Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
---	---	---	01/03/2025	01/03/2025	201,808,117.20	203,105,636.18	189,699,425.04	4.562%

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

NOVEMBER 2022

INVESTED
RESERVE FUNDS
\$1,736,916.81

BALANCE	NOVEMBER 1, 2022	(\$8,388.12)		
ACCOUNTS RECEIVABLE - OTHER		\$0.00		
CUSTOMER DEPOSITS - CONSTRUCTION		0.00		
INTEREST EARNED - INVESTED FUNDS		0.00		
WASTEWATER REVENUE		60,056.18		
SEWER CAPACITY CHARGES		0.00		
MISCELLANEOUS		<u>0.00</u>		
TOTAL RECEIPTS		\$60,056.18		
PAYMENTS				
CHECKS UNDER \$10,000.00		\$9,231.76		
CHECKS OVER \$10,000.00 - SCH. #1		200,241.24		
CANCELLED CHECKS AND FEES		<u>0.00</u>		
TOTAL PAYMENTS		<u>\$209,473.00</u>		
NET INCOME		(\$149,416.82)		
INVESTED RESERVE FUNDS				
FUNDS MATURED		\$158,400.00		
FUNDS INVESTED – SCH. #2		<u>0.00</u>		
NET TRANSFER		.	\$158,400.00	(\$158,400.00)
BALANCE	NOVEMBER 30, 2022		\$595.06	\$1,578,516.81

Security Type

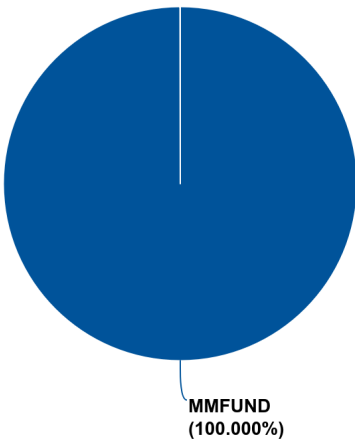


Chart calculated by: PAR Value

MMFUND								
Description, Broker	Settle Date	Next Call Date	Effective Maturity	Final Maturity	PAR Value	Original Cost	Market Value	Yield to Maturity
LAIF Money Market Fund LAIF - WW	---	---	11/30/2022	11/30/2022	1,578,516.81	1,578,516.81	1,578,516.81	---
LAIF Money Market Fund LAIF - WW	---	---	11/30/2022	11/30/2022	1,578,516.81	1,578,516.81	1,578,516.81	---

* Grouped by: Security Type. * Groups Sorted by: Ending Market Value + Accrued. * Filtered By: Description ≠ "Receivable". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY

Investment Portfolio Reporting Requirements

*as required by DWA Resolution 1273, Section VII
& California Government Code Section 53646*

as of
November 30, 2022

Statement of Compliance

The Desert Water Agency portfolio is in compliance with the Agency's investment policy and guidelines for investment of Agency funds as outlined in DWA Resolution 1273.

Statement of Agency's Ability to Meet Six-Month Expenditure Requirements

Desert Water Agency has the ability to meet its expenditure requirements for the next six months.

Description of Investments

Agency Bonds

Securities issued by a government-sponsored enterprise or by a federal government department other than the U.S. Treasury.

Bank Deposits

Agency funds on deposit in the General Fund, Operating Fund and Wastewater Fund active checking accounts for use in meeting the daily cash flow requirements of the Agency.

Certificate of Deposits (CD)

Interest bearing time deposit. FDIC insured up to \$250,000 per depositor, per FDIC-insured bank.

Corporate Notes

Debt securities issued by a for-profit company.

Money Market Funds

High quality, short-term debt instruments, cash and cash equivalents. Utilized for overnight holding of investment proceeds prior to reinvesting or transferring to Agency checking accounts.

Municipal Bonds

Fixed income securities issued by states, cities, counties, special districts and other governmental entities.

Treasury Notes

Fixed income securities issued by the federal government with maturities between two and ten years backed by the full faith and credit of the United States government.

Funds Managed by Contracted Parties - LAIF

The Desert Water Agency has contracted with the California Local Agency Investment Fund (LAIF) for investment of Agency funds. LAIF is a voluntary program created by Section 16429.1 et seq. of the California Government Code. LAIF is an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the state Treasurer's Office professional investment staff at no additional cost to the taxpayer or ratepayer. All Agency funds invested with LAIF are available for withdrawal upon demand and may not be altered, impaired or denied in any way (California Government Code Section 16429.4).

Market Value Source

Current market values are provided by Clearwater Analytics for all investment types other than LAIF. LAIF market values are recorded at PAR value.

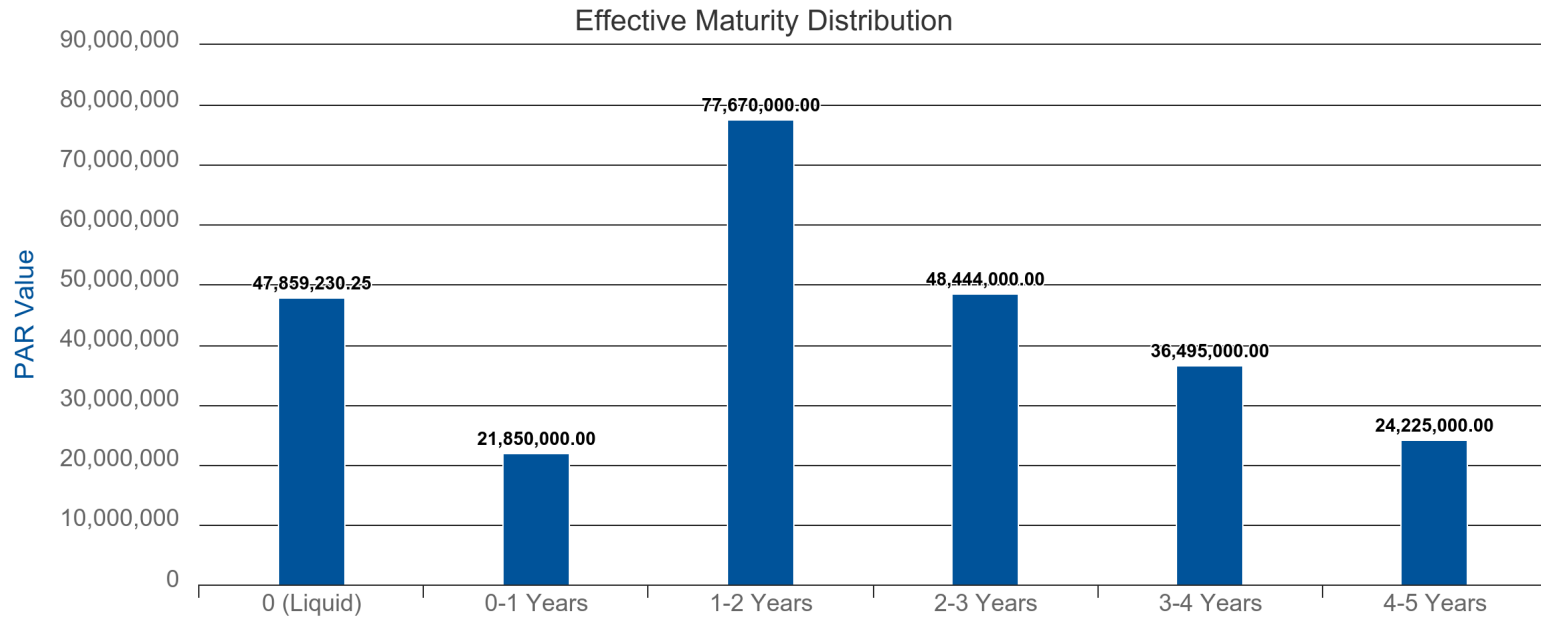
Esther Saenz
Finance Director
Desert Water Agency

Effective Maturity Distribution Summary

As of 11/30/2022

AGG-ALL (219610)

Dated: 12/12/2022



0 (Liquid)

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	MMFUND	14,254,117.20	11/30/2022	11/30/2022
Operating Fund	LAIF - OP	LAIFMMF	LAIF Money Market Fund	MMFUND	32,026,596.24	11/30/2022	11/30/2022
Wastewater Fund	LAIF - WW	LAIFMMF	LAIF Money Market Fund	MMFUND	1,578,516.81	11/30/2022	11/30/2022
---	---	---	---	MMFUND	47,859,230.25	11/30/2022	11/30/2022

0-1 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	21,850,000.00	05/18/2023	05/18/2023
General Fund	---	---	---	---	21,850,000.00	05/18/2023	05/18/2023

1-2 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	72,540,000.00	07/15/2024	07/15/2024
Operating Fund	UnionBanc OP	---	---	AGCY BOND	5,130,000.00	08/23/2024	08/23/2024
---	---	---	---	---	77,670,000.00	07/17/2024	07/17/2024

2-3 Years

Effective Maturity Distribution Summary

AGG-ALL (219610)

As of 11/30/2022

Dated: 12/12/2022

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	41,444,000.00	06/23/2025	06/23/2025
Operating Fund	UnionBanc OP	---	---	---	7,000,000.00	05/27/2025	05/27/2025
---	---	---	---	---	48,444,000.00	06/19/2025	06/19/2025

3-4 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	35,495,000.00	06/01/2026	06/01/2026
Operating Fund	UnionBanc OP	3130AP6M2	FEDERAL HOME LOAN BANKS	AGCY BOND	1,000,000.00	09/30/2026	09/30/2026
---	---	---	---	---	36,495,000.00	06/04/2026	06/04/2026

4-5 Years

DWA Fund	Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
General Fund	---	---	---	---	16,225,000.00	03/28/2027	03/28/2027
Operating Fund	UnionBanc OP	---	---	---	8,000,000.00	05/05/2027	05/05/2027
---	---	---	---	---	24,225,000.00	04/10/2027	04/10/2027

Summary

Account	Identifier	Description	Security Type	PAR Value	Ending Effective Maturity	Final Maturity
---	---	---	---	256,543,230.25	10/18/2024	10/18/2024

* Grouped by: Effective Maturity Distribution -> DWA Fund. * Groups Sorted by: Effective Maturity Distribution -> DWA Fund. * Filtered By: Security Type not in "CASH". * Weighted by: Ending Market Value + Accrued.

DESERT WATER AGENCY
Monthly Investment Portfolio Report

Abbreviations & Definitions

Investment Type Abbreviations	
AGCY BOND	US Agency Obligation ¹
CORP	Medium Term Notes (Corporate Notes) ²
MMFUND	Local Agency Investment Fund (LAIF) ³ & Cash Funds in Transit ⁴
MUNI	Municipal Bonds/Local Agency Bonds ⁵
CD	Negotiable Certificates of Deposit ⁶
US GOV	U.S. Treasury notes, bills bonds or other certificates of indebtedness ⁷

Definitions	
Settle Date	The date of original purchase
Next Call Date	The next eligible date for the issuer to refund or call the bond or note
Effective Maturity	The most likely date that the bond will be called based on current market conditions
Final Maturity	The date the bond matures, DWA receives the full PAR value plus the final interest payment
PAR Value	The principal amount DWA will receive when a bond is either called or matures
Original Cost	The original cost to purchase the bond (includes premium/discount)
Market Value	The current value of the bond at current market rates
Yield to Maturity	The total anticipated return on a bond if the bond is held to maturity

NOTES:

¹ DWA Investment Policy, Resolution 1273, Schedule 1, Item 2

² DWA Investment Policy, Resolution 1273, Schedule 1, Item 14

³ DWA Investment Policy, Resolution 1273, Schedule 1, Item 9

⁴ Cash funds in transit are a result of maturities/calls/coupon payments that are held in the Agency's money market account with the broker/custodian until transferred to the Agency's bank. DWA Investment Policy, Resolution 1273, Schedule 1, Item 15

⁵ DWA Investment Policy, Resolution 1273, Schedule 1, Item 3

⁶ DWA Investment Policy, Resolution 1273, Schedule 1, Item 10

⁷ DWA Investment Policy, Resolution 1273, Schedule 1, Item 1

DESERT WATER AGENCY - OPERATING FUND COMPARATIVE EARNINGS STATEMENT								
MONTH 22-23 NOVEMBER	/-----THIS MONTH-----/ THIS YEAR	LAST YEAR	BUDGET	/-----FISCAL YEAR TO DATE-----/ THIS YEAR	LAST YEAR	BUDGET	/--VARIANCE--/ YTD	PCT
OPERATING REVENUES								
WATER SALES	3,245,084.51	3,099,177.90	3,470,200.00	18,919,399.96	17,739,618.62	19,511,700.00	592,300.04-	3-
RECLAMATION SALES	77,276.79	106,211.32	79,700.00	481,578.17	606,320.89	461,400.00	20,178.17	4
POWER SALES	6,520.87	7,001.30	9,250.00	20,255.96	27,067.72	46,250.00	25,994.04-	56-
OTHER OPER REVENUE	208,860.68	272,980.66	229,208.00	1,047,677.81	955,377.30	1,112,640.00	64,962.19-	6-
TOTAL OPER REVENUES	3,537,742.85	3,485,371.18	3,788,358.00	20,468,911.90	19,328,384.53	21,131,990.00	663,078.10-	3-
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	70,261.57	25,061.82	100,060.00	1,978,755.36	1,955,781.43	2,313,900.00	335,144.64-	14-
PUMPING EXPENSE	386,973.35	119,519.46	409,600.00	2,415,495.69	331,520.74	2,263,400.00	152,095.69	7
REGULATORY WATER TREAT	83,630.07	85,816.24	72,810.00	431,843.60	360,684.62	364,050.00	67,793.60	19
TRANS & DIST EXPENSE	300,316.89	236,295.12	359,770.00	1,387,937.38	1,125,285.04	1,798,850.00	410,912.62-	23-
CUSTOMER ACT EXPENSE	161,903.21	78,262.86	107,500.00	443,346.64	392,453.50	530,540.00	87,193.36-	16-
ADMIN & GEN EXPENSE	1,027,964.46	722,338.80	1,167,047.00	6,344,245.32	5,623,363.70	6,682,235.00	337,989.68-	5-
REGULATORY EXPENSE	22,330.01	51,712.63	35,530.00	101,188.90	102,333.86	177,650.00	76,461.10-	43-
SNOW CREEK HYDRO EXP	3,669.30	3,850.28	5,000.00	17,284.09	15,999.15	25,000.00	7,715.91-	31-
RECLAMATION PLNT EXP	48,023.86	42,620.07	114,080.00	365,032.61	323,718.87	570,400.00	205,367.39-	36-
SUB-TOTAL	2,105,072.72	1,365,477.28	2,371,397.00	13,485,129.59	10,231,140.91	14,726,025.00	1,240,895.41-	8-
OTHER OPER EXPENSES								
DEPRECIATION	519,015.10	515,613.19	553,900.00	2,625,266.53	2,582,361.07	2,769,500.00	144,233.47-	5-
SERVICES RENDERED	13,979.13	27,345.03	14,200.00	67,718.29	55,541.69	71,000.00	3,281.71-	5-
DIR & INDIR CST FOR WO	219,343.57-	156,537.70-	280,580.00-	1,254,151.02-	1,182,033.83-	1,402,900.00-	148,748.98	11-
TOTAL OPER EXPENSES	2,418,723.38	1,751,897.80	2,658,917.00	14,923,963.39	11,687,009.84	16,163,625.00	1,239,661.61-	8-
NET INCOME FROM OPERATIONS	1,119,019.47	1,733,473.38	1,129,441.00	5,544,948.51	7,641,374.69	4,968,365.00	576,583.51	12
NON-OPERATING INCOME (NET)								
RENTS	3,899.11	14,701.37	15,775.00	31,822.55	72,417.85	78,875.00	47,052.45-	60-
INTEREST REVENUES	84,061.86	10,251.01	48,600.00	359,930.13	54,150.97	243,000.00	116,930.13	48
OTHER FUNDS	40.50-	.00	.00	40.50-	.00	.00	40.50-	0
OTHER REVENUES	140.00	280.00	.00	80,249.28	377,650.01	.00	80,249.28	0
GAINS ON RETIREMENT	.00	.00	6,310.00	.00	.00	18,930.00	18,930.00-	100-
DISCOUNTS	.00	24.46	33.00	1,390.30	174.56	165.00	1,225.30	743
PR. YEAR EXPENSES	.00	.00	.00	.01	1,229.84-	.00	.01	0
OTHER EXPENSES	.00	161.62-	4,630.00-	.00	161.62-	23,150.00-	23,150.00	100-
LOSS ON RETIREMENTS	.00	.00	9,000.00-	189.54-	35,269.77-	45,000.00-	44,810.46	100-
TOTAL NON-OPER INCOME	88,060.47	25,095.22	57,088.00	473,162.23	496,487.03	272,820.00	200,342.23	73
TOTAL NET INCOME	1,207,079.94	1,758,568.60	1,186,529.00	6,018,110.74	8,137,861.72	5,241,185.00	776,925.74	15

GENERAL MANAGER'S REPORT December 20, 2022

Damaged Hydrant at San Lorenzo Rd east of Ramon Rd

On December 6th at approximately 7:00 a.m. Construction staff responded to a hit fire hydrant located on the south side of San Lorenzo Rd. east of Random Rd. Staff re-installed the fire hydrant and placed it back into service. This was a hit and run and a police report was filed. The water loss was from a fully open 6-inch fire hydrant bury which flowed for approximately 20 minutes. The water loss was approximately 171,285 gallons (230 HCF).

Fire hydrant and bury.



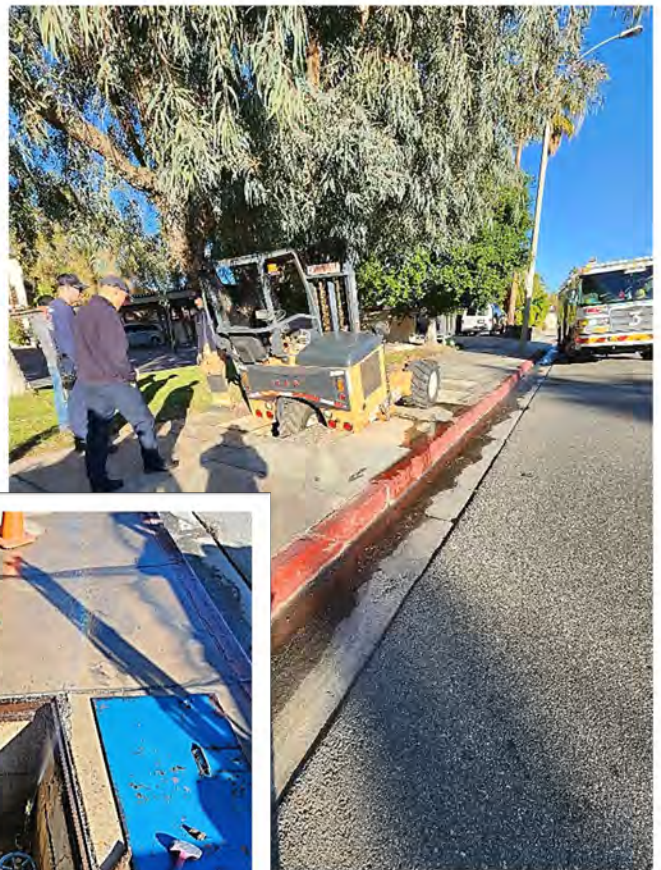
Block wall debris.



Damaged Fire Service at 1276 N. Indian Canyon Dr.

On December 9th at approximately 7:50 a.m. Construction staff responded to an accident involving a forklift and a fire service located at 1276 N. Indian Canyon Dr. The forklift was driving on the sidewalk when the rear wheel drove over the center vault lid causing it to collapse onto the ½" bypass meter piping damaging it and the lid. Staff repaired the bypass meter and placed it back into service. DWA staff sent an e-mail to the property manager providing an estimated cost to complete the repairs, and an approval confirmation reply was received. A police report was filed. The water loss was a ½" bypass opening which flowed for 1 hour. The water loss was approximately 2,654 gallons (3.55 HCF).

Collapsed forklift in vault.



Damaged vault lid & bypass Meter.



SWP Delivery and Whitewater Hydro Generation Update

On December 1st, MWD began delivering approximately 6,370 AF of water to the Whitewater basin. This water is not SWP Table A water but instead is water for CVWD as part of their 1989 IID Approval Agreement. This delivery completes the annual 15,000 AF associated with the agreement and is scheduled to stop on December 22, 2022.

The following is a breakdown of the months the water was delivered:

Jan	2,604 AF
Feb	1,206 AF
Mar	4,819 AF
Dec	6,370 AF

For the year 2022, no SWP water was delivered to the Whitewater and the Mission Creek Basins.

Currently, we do not anticipate water deliveries to resume until the end of February 2023.

As part of the delivery, the water was diverted through the Whitewater Hydro Plant. We anticipate the plant will generate about 400,000 kWh, which will result in an anticipated SCE settlement amount of approximately \$35,000, to be split with CVWD.

Record of Decision for Whitewater River Groundwater Replenishment Facility Right-of-Way Grant at BLM Headquarters for Final Review

On August 12th, the Bureau of Land Management (BLM) published the Notice of Availability in the Federal Register for the Whitewater River Groundwater Replenishment Facility Right-of-Way Project Final Environmental Impact Statement (FEIS). This began the thirty (30) day public review period which ended on September 12, 2022.

The Record of Decision (ROD), along with Federal Register notice, for said project has made its way through the State office and is currently at BLM Headquarters in Washington D.C. for final review. It is anticipated the Record of Decision will be published sometime near the end of December 2022 to early January 2023, pending completion of HQ leadership review and Federal Register notice process.

In both the Draft and Final EIS documents, the proposed action was the preferred alternative identified by the BLM. If the proposed action is approved in the Record of Decision, the BLM would issue a right-of-way grant for the existing groundwater replenishment facility, enabling the delivery and recharge of up to 511,000 acre-feet of water annually which is representative of the facility capacity.

DWR Issues Final Funding Recommendation to Coachella Valley Integrated Regional Water Management Group for \$4.1M under Proposition 1 Round 2

The California Department of Water Resources (DWR) has issued its final funding recommendations for the Coachella Valley IRWM Region of approximately \$4 million dollars to implement six priority projects in the region.

Project	Implementing Agency	Grant amount
Grant Administration	Coachella Valley Water District	\$25,000
Reservoir upgrades	Coachella Valley Water District	\$850,000
Regional grass replacement and conservation study + MSWD demonstration garden	Desert Water Agency, regional	\$812,755
Groundwater quality protection: septic to sewer	Mission Springs Water District	\$875,000
Groundwater well project	Coachella Water Authority	\$750,000
Polanco septic rehabilitation project	Pueblo Unido Community Development Corporation	\$300,000
Sunrise Park recycled water connection	Desert Water Agency	\$500,000
TOTAL:		\$4,112,755

Desert Water Agency is the lead project sponsor on two projects:

- Regional grass replacement and conservation study and MSWD demonstration garden project
- Sunrise Park recycled water connection project

DWA has notified the City of Palm Springs regarding the update and will coordinate with their team on a resolution to commit City funding to the project for the remainder of funds needed to connect Sunrise Park to recycled water.

2022 Fall ACWA JPIA Presidents Recognition Award

Each year at the Fall Conference, ACWA JPIA recognizes members that have a Loss Ratio of 20% or less. The Agency received the "President's Special Recognition Award" certificate (Low ratio of 'Paid Claims and Case Reserves') for the Property Program for 7/1/2018 – 6/30/2021. Congratulations to our staff and Board!



Vaccination Clinic December 27, 2022

DWA will be hosting a free Flu shot and COVID-19 Omicron Booster clinic on Tuesday, December 27 from 12:00 p.m. - 3:30 p.m. The clinic is being sponsored by Riverside County and it will be open to DWA staff and members of the public.

Director Ortega Appointed to Association of California Water Agencies (ACWA) Region 9 Board

Congratulations to Director Ortega who was recently appointed to serve on the ACWA Region 9 Board.

Director Paul Ortega (DWA Division 4) is one of just seven representatives selected from the Inland Empire area to sit on the ACWA Region 9 Board. Members of the Region Board guide and focus on region issues and activities, support the fulfillment of ACWA's goals and play an integral role in the leadership of the association as a whole.

Christmas and New Year's Holiday's - DWA Offices Closed

Reminder: DWA offices will be closed on Friday, December 23rd and Monday, December 26th in observance of the Christmas Holiday, then again on Monday January 2nd in observance of New Year's Day.



Human Resource's Meetings and Activities

Meetings:

11/15/2022	DWA Board Meeting	Virtual Meeting
11/16/2022	Paycom Weekly Meeting	Virtual Meeting
11/17/2022	Paycom Implementation Meeting	Virtual Meeting
11/22/2022	Paycom Implementation Meeting	Virtual Meeting
11/22/2022	Paycom Weekly Meeting	Virtual Meeting
11/25/2022	DWA Staff Meeting	DWA Offices
11/29/2022	Paycom Implementation Meeting	DWA Offices
11/30/2022	Paycom Weekly Meeting	DWA Offices
12/06/2022	Paycom Implementation Meeting	Virtual Meeting
12/07/2022	Paycom Weekly Meeting	Virtual Meeting
12/08/2022	Paycom Implementation Meeting	Virtual Meeting
12/12/2022	DWA Staff Meeting	DWA Offices
12/12/2022	Paycom Implementation Meeting	Virtual Meeting
12/13/2022	Paycom Implementation Meeting	Virtual Meeting
12/14/2022	Paycom Weekly Meeting	Virtual Meeting
12/15/2022	Paycom Implementation Meeting	Virtual Meeting
12/19/2022	DWA Staff Meeting	DWA Offices

Activities:

11/15/2022	Lincoln Financial On-Site Meetings	Virtual Meeting
11/16/2022	Webinar - The New Strategic HR: Building a Talent-Focused Strategy for the Future	Virtual Meeting
11/17/2022	Attended DWA Safety Meetings	DWA Offices
11/17/2022	Hosted MPX Vaccination Clinic	DWA Offices
11/17/2022	Attended ACWA JPIA Webinar: Internal Workplace Investigations	Virtual Meeting
11/18/2022	Conducted Account Clerk/Telephone Operator Testing	DWA Offices
11/21/2022	Conducted Account Clerk/Telephone Operator Testing	DWA Offices
	Conducted Outreach & Conservation Manager Interviews	DWA Offices
11/30/2022	Hosted Reasonable Suspicion Supervisor Training Classes	DWA Offices
12/01/2022	Conducted Account Clerk/Telephone Operator Interviews	DWA Offices
12/01/2022	Hosted Blood Drive	DWA Offices
12/05/2022	Attended Paycom Basics Class	Virtual Meeting
12/08/2022	Attended New Board Member Swearing In	Virtual Meeting
12/12/2022	Attended Paycom Basics Class	Virtual Meeting
12/13/2022	Paycom Applicant Tracking Training	Virtual Meeting
12/13/2022	Attended BB&K Annual Labor Law Training	Virtual Meeting
12/13/2022	Paycom Training for DWA Staff	DWA Offices
12/14/2022	Paycom Training for DWA Staff	DWA Offices

SYSTEM LEAK DATA					
(PERIOD BEGINNING NOV 8, 2022 THRU DEC 12, 2022)					
STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
BARISTO RD	6	4	1936	STEEL	BARE/UNLINED
RACQUET CLUB RD	4	10	1962	STEEL	CML
ANDREAS RD	4	6	1958	STEEL	BARE/UNLINED
AVENIDA CABALLEROS	3	14	1953	STEEL	BARE/UNLINED
BARISTO RD	2	4	1937	STEEL	BARE/UNLINED
INDIAN CANYON DR	2	6	1951	STEEL	BARE/UNLINED
INDIAN CANYON DR	2	8	1938	STEEL	BARE/UNLINED
BERNE DR	2	4	1959	STEEL	BARE/UNLINED
INDIAN CANYON DR	2	8	1938	STEEL	BARE/UNLINED
CALLE ENCILIA	1	4	1953	STEEL	BARE/UNLINED
FRANCISCO PATENCIO RD/MIDDLE R	1	8	1975	A.C.	N/A
CALLE SAN ANTONIO	1	4	1946	STEEL	BARE/UNLINED
INDIAN CANYON DR	1	10	1938	STEEL	BARE/UNLINED
SAN LORENZO RD	1	4	1948	STEEL	BARE/UNLINED
PASEO EL MIRADOR	1	4	1945	STEEL	BARE/UNLINED
FINLEY RD	1	4	1958	STEEL	BARE/UNLINED
POWELL RD	1	4	1957	STEEL	BARE/UNLINED
ROSE AVE	1	4	1953	STEEL	BARE/UNLINED
SANTA ROSA DR	1	4	1936	STEEL	BARE/UNLINED
HIGHLAND DR	1	4	1946	STEEL	BARE/UNLINED
LA VERNE WY	1	10	1956	STEEL	BARE/UNLINED
BISKRA RD	1	6	1957	STEEL	BARE/UNLINED
CAMINO REAL	1	12	1953	STEEL	BARE/UNLINED
BROADMOOR DR	1	10	1958	STEEL	BARE/UNLINED
RAMON RD	1	6	1955	STEEL	BARE/UNLINED
PALM CANYON DR E	1	12	1958	STEEL	BARE/UNLINED
SAHARA RD	1	4	1955	STEEL	BARE/UNLINED
EL ALAMEDA	1	4	1952	STEEL	BARE/UNLINED
RAMON RD	1	12	1956	STEEL	BARE/UNLINED
FARRELL DR	1	6	1957	STEEL	BARE/UNLINED
VISTA ORO	1	4	1958	STEEL	BARE/UNLINED
VIA ALTAMIRA	1	4	1954	STEEL	BARE/UNLINED
JOYCE DR	1	6	1958	STEEL	BARE/UNLINED
TOTAL LEAKS IN SYSTEM:		51			

Streets highlighted in green are included as part of the

2020/2021 Replacement Pipeline Project

Streets highlighted in blue are being proposed as part of the

2021/2022 Replacement Pipeline Project

Streets highlighted in salmon are being proposed as part of the

2022/2023 Replacement Pipeline Project

SYSTEM INFORMATION:	
OLDEST PIPE IN THE SYSTEM (YEAR OF INSTALLATION):	1935
AVERAGE YEAR OF INSTALLATION OF UNLINED STEEL PIPE (SYSTEMWIDE):	1952
AVERAGE AGE OF UNLINED STEEL PIPE (SYSTEMWIDE):	66 YEARS
AVERAGE AGE OF PIPELINE AT THE TIME OF REPLACEMENT:	68 YEARS
TOTAL LENGTH OF PIPE IN SYSTEM OLDER THAN 70 YEARS (LINEAR FEET):	117,721
TOTAL LENGTH OF UNLINED PIPE SYSTEMWIDE (LINEAR FEET):	297,672
*AVERAGE LENGTH OF PIPE REPLACED ANNUALLY (LINEAR FEET):	15,000
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF UNLINED STEEL PIPE:	16 YEARS
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF PIPE OLDER THAN 70 YEARS:	9 YEARS
YEAR AGENCY TRANSITIONED TO CEMENT LINED STEEL PIPE:	1960
<p>*PLEASE NOTE THIS FIGURE REPRESENTS THE AVERAGE LINEAR FOOTAGE OF PIPELINE REPLACED ANNUALLY GIVEN AN AVERAGE ANNUAL BUDGET OF \$3 MILLION.</p>	

(PERIOD BEGINNING NOV 8, 2022
THRU DEC 12, 2022)

(PERIOD BEGINNING NOV 8, 2022
THRU DEC 12, 2022)

2021/2022 REPLACEMENT PIPELINES - VIA ALTAMIRA

2021/2022 REPLACEMENT PIPELINES - ANDREAS RD

2020/2021 REPLACEMENT PIPELINES - AVENIDA CABALLEROS

Google Earth

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General Manager's Meetings and Activities

Meetings:

11/15/22	DWA Bi-Monthly Board Meeting	Conf Call
11/16/22	Rate Study Internal Meeting	DWA
11/16/22	SWC-DCP Coordination Meeting	Conf Call
11/16/22	SWC-DCP Update	Conf Call
11/16/22	SWC-Monthly Meeting	Conf Call
11/17/22	SWC-Monthly Board Meeting	Conf Call
11/17/22	SWC-DC Finance Committee Meeting	Conf Call
11/17/22	Meeting with Prescott Preserve (Mesquite GC)	Conf Call
11/17/22	DWA Conservation & Public Affairs Committee	Conf Call
11/18/22	Sites Reservoir Committee Monthly Meeting	Conf Call
11/21/22	DWA/CVWD/MWD Coordination Meeting	Conf Call
11/22/22	SWC-DCP Participation Meeting	Conf Call
11/29/22	DWA/CVWD/MWD Coordination Meeting	Conf Call
11/29/22	ACWA Conference	Indian Wells
11/30/22	ACWA Conference	Indian Wells
12/01/22	ACWA Conference	Indian Wells
12/02/22	DWA Special Board Meeting	Conf Call
12/05/22	DWA Weekly Staff Meetings	DWA
12/05/22	IT Executive Update Meeting	Conf Call
12/12/22	DWA Weekly Staff Meeting	DWA
12/13/22	Mission Creek GM Meeting	Conf Call
12/14/22	CRWUA Annual Conference	Las Vegas
12/15/22	CRWUA Annual Conference	Las Vegas
12/15/22	DWA Executive Committee Meeting	Conf Call
12/16/22	CRWUA Annual Conference	Las Vegas
12/16/22	Sites Reservoir Committee Monthly Meeting	Conf Call
12/20/22	DWA Bi-Monthly Board Meeting	Conf Call

Activities:

- 1) DWA Board Handbook
- 2) DWA Rate Study
- 3) DWA Surface Water Rights
- 4) Water Supply Planning – DWA Area of Benefit
- 5) Sites Reservoir Finance
- 6) DCP Financing
- 7) Lake Perris Seepage Recovery Project Financing
- 8) Recycled Water Supply - Strategic Planning
- 9) AQMD Rule 1196
- 10) DWA Digital Transformation Project
- 11) DWA Organizational Restructuring
- 12) DWA Tax Rate Analysis
- 13) DWA Staff Succession Planning
- 14) Palm Springs Aerial Tramway Water Supply 2022
- 15) SWP Contract Extension Amendment

Activities:
(Cont.)

- 16) DWA Remote Meter Reading Fixed Network
- 17) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 18) Whitewater River Surface Water Recharge
- 19) Replacement Pipelines 2021-2022
- 20) DC Project – Finance JPA Committee (Standing)
- 21) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water (Standing)
- 22) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 23) SWP 2022 Water Supply
- 24) ACBCI Water Rights Lawsuit
- 25) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 26) Whitewater Spreading Basins – BLM Permits
- 27) Delta Conveyance Project Cost Allocation
- 28) MCSB Delivery Updates
- 29) Well 6 Meaders Cleaners RWQB Meetings
- 30) SWP East Branch Enlargement Cost Allocation
- 31) RWQCB Update to the SNMP

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Memorandum

To: Board of Directors, Desert Water Agency
From: Michael T. Riddell
Date: December 15, 2022
Re: Procedures for Election of Board Officers

We have been asked what legal procedures, if any, apply to the election of officers on the Board of Directors of Desert Water Agency. The law does not specify a particular procedure for the election of Board officers. Therefore the Board does have some discretion in determining how an election of its officers shall be conducted. Section 100-12 of the Desert Water Agency Law provide, in pertinent part, as follows:

“The board of directors shall only act by ordinance, resolution, or motion.”

Therefore, any action by the Board must take one of those three forms, and in the past it has been done by simple motion. A motion requires a second or else it fails for lack of a second. Following a second there is normally discussion on the motion, followed by a vote. Three affirmative votes are required for the motion to be adopted, as Section 100-12 further provides that:

“No ordinance, motion, or resolution shall be passed or become effective without the affirmative vote of a majority of the members of the board.”

We recommend a discussion among Board members before any motion is introduced so that all Board members will have a chance to express their views and desires, and hear what other Board members may have to say. It would be complicated, procedurally, to try and straighten out competing motions offered at the same time. It would be best, for example, to avoid a situation in which Director A introduces a motion and it is seconded by Director B, and then during discussion of that motion Director C offers a competing motion which is seconded by Director D, such that two motions are on the floor at the same time. The suggested approach,

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instead, is to have adequate discussion in advance of the introduction of any motion to allow all Directors to hear and consider what his or her fellow Directors have to say on the issue, before any motion is introduced.

Section 100-11 of the Desert Water Agency Law, in pertinent part, provides as follows:

“At its first meeting in the month of January of each even-numbered year, the board of directors shall choose one of its members president.”

When that section was enacted Agency elections were conducted in odd numbered years, and the Board conducted its election of officers in January following each Agency general election. Subsequently, however, the County Registrar of Voters suggested that the Agency consider moving its elections to even numbered years, as permitted by the California Elections Code. The Board at that time decided to do so because it would reduce the cost of conducting the Agency’s election, and likely increase voter turnout, if it were consolidated with the Statewide election. The Board continued to elect Board officers in January following the election, which moved the election of officers to January of odd numbered years instead of January of even numbered years.

As for the positions of vice-president, secretary and treasurer, the Desert Water Agency Law does not specify when those elections shall occur, nor how often. Section 100-14 provides only that those appointments shall be “by a majority vote.”

The Brown Act does provide that a vote on any matter before the Board must be conducted openly so that all members of the public can see how each Board member voted. Secret ballots are not permitted. We do not see a mechanism to allow ranked voting since the election of an officer would need to be in the form of a motion adopted by affirmative votes from at least three Board members.

Michael T. Riddell
Agency Counsel