

AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, March 9, 2023

7:30 p.m.

Westborough Water District Office

2263 Westborough Boulevard, South San Francisco

(Note: Wearing a Mask is Optional)

1. ROLL CALL:

2. PLEDGE OF ALLEGIANCE:

3. CONSENT CALENDAR:

All items listed under the Consent Calendar are approved by a single motion of the Board. A Board member may request removal of any item for discussion and separate action:

A. Approval of Minutes:

1. Regular Meeting of February 9, 2023.
2. Special Meeting of February 22, 2023.

B. Accountant's Report for Period Ending January 31, 2023.

C. Investment Report for Period Ending February 28, 2023.

D. Claims Register for February 28, 2023.

4. PUBLIC COMMENT:

Members of the public are invited to participate during the public comment period or when an item on the agenda is introduced. Anyone wishing to speak should, after the recognition, give their name and address, speak clearly, and direct their remarks only to the Board. Please limit your remarks to no more than five (5) minutes. Items not on the agenda may be referred to Staff for consideration at a later date.

5. BUSINESS (OLD): None

6. BUSINESS (NEW):

- A. Review/Approve June 30, 2022, Audit Report *(presented via Zoom)*.

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- B. Review/Approve Pump Repair Service Company Quote for Westborough Main Pump Station Replacement Bowl Assemblies.

7. WRITTEN COMMUNICATIONS: None

8. ATTORNEY'S REPORT:

9. GENERAL MANAGER'S REPORT:

- A. Report on District's Water Conservation for February 2023.
- B. Update on Proposal for Water and Sewer Rate Study.

10. ITEMS FROM BOARD OF DIRECTORS:

11. CLOSED SESSION: None

12. ADJOURNMENT:

Upon request, the Westborough Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the auxiliary aid or service at least 3 days before the meeting. Request should be sent to Westborough Water District at 2263 Westborough Boulevard, South San Francisco, CA 94080, or email wwd@westboroughwater.org. Availability of Public Records: all public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Acts, that are distributed to a majority of the legislative body will be available for public inspection at 2263 Westborough Boulevard, South San Francisco, CA 94080, at the same time that the public records are distributed or made available to the legislative body.

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS**

Thursday, February 9, 2023

Note: Due to COVID-19, this meeting was conducted as a teleconference pursuant to the provisions of the AB 361 [Government Code Section 54953(e)]. Directors participated remotely, but the public was welcome to attend the meeting in person, as the General Manager and Office Supervisor were present at the Westborough Water District Office, in addition to participating on the teleconference.

The meeting was called to order at 7:30 p.m.

1. ROLL CALL:

Directors Present: Don Amuzie
Perry Bautista
Tom Chambers
Julie Richards
Janet Medina

Staff Present: Michael Conneran, Attorney
Wendy Bellinger, Office Supervisor
Patricia Mairena, General Manager

Visitors Present: None

For the record, General Manager Mairena stated that both Office Supervisor Bellinger and she were present at the District's Office for any visitors who wished to attend the board meeting in person.

2. PLEDGE OF ALLEGIANCE: Led by Director Bautista.

3. CONSENT CALENDAR:

President Medina asked the Board if there was any discussion.

Director Chambers moved to approve the Consent Calendar, seconded by Director Bautista.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye

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Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

4. PUBLIC COMMENT: None.

5. BUSINESS (OLD):

A. Review/Approve Issuance of Request for Proposals for Water and Sewer Rate Study.

General Manager Mairena stated that at the May 13, 2021, meeting, the Board had approved issuance of a Request for Proposal (RFP) for the Water and Sewer Rate Study with certain revisions that were to be made by former General Manager Barrow and Attorney Conneran. General Manager Mairena displayed that RFP document with her mark ups on the areas needing these revisions.

Director Chambers pointed out that the section on Scope of Services should only include a 5-year financial plan, and not a 10, 15, and 20, as stated on the document that was included in the board packet. Director Chambers also stated that the same change should be made under the section of Multi-Year Revenue and Expenditure Model.

General Manager Mairena mentioned Mr. Barrow was unable to follow up with Mid-Peninsula Water District regarding the Electronic Rate model, but that was something she could take care of.

General Manager Mairena indicated that per a previous the Board's decision, she had removed the section on Rate Assistance Program from the document that was included on the board packet. Ms. Mairena asked Attorney Conneran to confirm that the District could not use rate payers' funds for this purpose. Attorney Conneran confirmed this and stated that the only revenues that could be used would be property taxes or income generated from the cell tower leases. Director Chambers asked if the section on Equity had the same issue and if so, should it be removed. Attorney Conneran agreed that unless the Board was planning to look at that other income for this purpose, then, this section would be unnecessary.

Director Chambers stated that he had an issue with not having a water and sewer CIP as the District only had a list of potential projects. Director Chambers mentioned that in order to get the RFP on the street, the RFP should state that the District's water and sewer Capital Improvement Program would be made available on our website and that the District anticipates

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spending x dollars for water and y dollars for sewer projects for capital improvements per year. Director Chambers mentioned that the main thing the contractor should be interested in is how much the District wants to spend every year. Director Chambers also stated that he would like to delay approval of the RFP for a month and hopefully by then, also approve the CIP, or at the very least, provide the annual dollar amount and continue to work on the CIP which would be provided at a later date.

Director Chambers also discussed the section on Water Commodity Charges/Sewer Rate Charges. He stated that he would like to change “for tiered water commodity charges” to “for single tier and multi-tier water commodity charges.” Mr. Chambers provided additional explanations as to why he would prefer to maintain flat rates vs. tiered rates and mentioned his concern for legal challenges to the tiered rates.

Attorney Conneran recommended that the Board have an idea of what the CIP would be before it releases the RFP, since that would represent what the District wants to do, so the contractor can help the District achieve that goal. Attorney Conneran thought the optimal thing was for the District to have a CIP list, like in past years. Director Chambers replied he would like to have not just a list, but a schedule on what projects will be done each year and how much will be spent. General Manager Mairena stated the Capital Improvements Committee was working on prioritizing the water projects, but he was not sure that the District would have a sewer CIP list ready by the next meeting.

Attorney Conneran commented that if the projects in any year had an uneven financing aspect, the advisor would guide the District and may suggest raising the rates evenly for the five-year period in order to fund an uneven series of expenditures over the five-year period. Director Chambers replied that some of these projects could be multi-year projects.

Attorney Conneran agreed with Director Chambers on the single tier vs. the multi-tier, as it was less risky and simpler, with less risk of legal challenges.

Director Richards asked General Manager Mairena about her own service area and multi-tier rates. General Manager Mairena replied that the District currently only used a flat rate, but she was aware of the issues multi-tier rates would cause, specially to larger households, as that was the case during the drought of the 1980s, so she too would prefer for the District to stay with single tier rates. Director Chambers asked if perhaps the multi-tier rates reference should be removed from the RFP.

Attorney Conneran asked General Manager Mairena if she had any data on what percentage of customers used water at different consumption levels, as he thought that a big differential would possibly be an argument for multi-tier rates. Ms. Mairena replied she did not have that data in front of her, but that she could certainly provide it. Director Chambers

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mentioned that several years ago he had done a distribution of the usage and his recollection was that it was not spread as much, and in addition, customers did not do a lot of irrigation, so generally, our consumption was lower than other districts. General Manager Mairena stated that the BAWSCA Survey listed the District's monthly average usage as 5.2 HCF per household.

Director Chambers strongly recommended that all the directors view the BAWSCA Survey. He mentioned there are five other BAWSCA agencies that only bill flat rates. Those agencies are: ACWD, East Palo Alto, Millbrae, Milpitas, and Santa Clara. General Manager Mairena thought Millbrae's RFP would be good to look at, since they were smaller.

President Medina asked if there were any comments from other directors on what they would like to do. Director Bautista stated he would like to table the RFP to the next meeting and was also in favor of keeping a flat-rate and having a CIP in place prior to making any decisions.

General Manager Mairena displayed the CIP list of water projects which was reviewed and grouped in three categories: High, Medium, and Low by the Capital Improvement Committee and former General Manager, Darryl Barrow. Ms. Mairena suggested having a separate meeting with the Board to prioritize the projects that were grouped in the high-ranking category. Director Chambers suggested to include former General Manager Barrow in this meeting. General Manager Mairena mentioned that she had sent a list of four projects submitted by the Sanitation District to Pakpour Consulting, and asked them for a proposal, so that these could be added in the same format to the sewer CIP list. President Medina stated that it would be nice to have that separate meeting with the Board and also include the sewer CIP. Director Chambers concurred and asked if a date should be picked.

President Medina asked if item 5.A should be tabled until the next meeting, and possibly the Capital Improvement Committee could meet to review the sewer list in between. Ms. Medina thought several things should happen before having a CIP meeting with the Board.

Director Chambers moved to table the Issuance of Request for Proposals for Water and Sewer Rate Study, seconded by Director Bautista.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

6. BUSINESS (NEW):

A. Review/Approve Proposal from C.J. Brown & Company CPAs for Auditing Services.

First, General Manager Mairena wanted to clarify that the audited reports had not yet been on the agenda due to the GASB 87 Lease Implementation requirement that a Lease Summary and Schedules be provided by our CPAs to our auditors. Both had been going back and forth, but she was confident the report would be ready for the next board meeting. Ms. Mairena mentioned that this audit was the last one covered under the current agreement, so she had requested a new proposal for future years. General Manager Mairena reviewed the new proposal figures for the years 2023 thru 2027, with a cost ranging from \$22,400 to \$25,008. Ms. Mairena pointed out that she had reviewed an old proposal that was provided to a neighboring water district for the years 2018 thru 2020, and their cost ranged from \$26,900 to \$28,300. General Manager Mairena thought the proposal the District had received from our current auditors was pretty reasonable in comparison, and she recommended approval. Ms. Mairena also mentioned that the company was now called C.J. Brown and Company, as Charles Fedak had officially retired.

Director Chambers asked if it would be possible for the auditor to make his presentation via Zoom or if that would be a violation of the Brown Act. Attorney Conneran stated that non-board members could appear via Zoom and that would not affect the Brown Act compliance. Director Chambers thought that would save them traveling expenses. General Manager Mairena replied that she thought the District had the capability and she would be checking with Jeff, the auditor and suggest it.

Director Chambers moved to approve the Proposal from C.J. Brown & Company for Auditing Services, seconded by Director Richards.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

B. 2021-2022 Civil Grand Jury Report - The Other Water Worry: Is Your Water Provider Prepared for the Big One? – Review/Approve Proposal from Launch Consulting for Compliance Services.

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General Manager Mairena provided a recap of how the Grand Jury had interviewed water agencies across San Mateo County to determine how well these were prepared for the Big One. There were several recommendations, but only the following three were made to the District:

- 1) The Grand Jury recommends that, by March 31, 2023, the water provider perform emergency preparedness exercises consistent with its emergency response plan.
- 2) The Grand Jury recommends that, by March 31, 2023, the water provider perform an analysis and document an After-Action Report consistent with its emergency response plan.
- 3) The Grand Jury recommends that, by March 31, 2023, the water provider develop plans to increase emergency fuel storage sufficient to provide emergency fuel for a period of at least three days.

General Manager Mairena stated that the Board had reviewed these findings back on August 11, 2022, and had agreed to draft a reply. Ms. Mairena also stated that with the March 31, 2023, deadline coming up, other agencies were also working on compliance, and that NCCWD's proposal had come in at over \$20,000 and the City of Daly City's was around \$12,000.

General Manager Mairena reported that Launch Consulting had assisted the District with the preparation of the Emergency Response Plan and the Risk and Resilience Assessment, so they were familiar with the District and had contacted her to assist with compliance. Ms. Mairena mentioned that the drill would involve an examination as to what happened when the 14" main transmission line was hit, document everything, and prepare an After-Action Report. In addition, a second drill would be done examining the failure in communication when Verizon cut the circuit and the District lost not only the phone lines and the internet, but also the SCADA system communications. General Manager Mairena stated that in addition, Launch will be assisting the District with finding vendors for supplying the District with emergency fuel for the generator. General Manager Mairena recommended approval of Launch's proposal so the District can comply with the Grand Jury recommendations by the due date.

Director Chambers commented on whether the three-day emergency fuel supply referred to running the generator 24 hours a day with a full load for the three days or as to how much diesel would take to pump a 3-day supply of 2.4 MG of water (or .8 MG used daily by the District). Director Chambers would also like to point out that the District has a seven-day water supply in storage at the tank site, so technically, the District does not need to pump for seven days. Mr. Chambers asked about the City of Daly City's fuel supply and stated he rather pay them, then pay a contractor. General Manager Mairena replied that Field Supervisor Kennedy was working on that.

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Attorney Conneran commented that the reasonable approach would be to calculate how much fuel it would take to pump enough water for three days.

Director Chambers thanked General Manager Mairena for putting together the Staff Report. Ms. Mairena commented that it was a good idea because it did clarify for everyone what was going on and helped them to understand the project.

Director Chambers moved to approve the Proposal from Launch Consulting for Compliance Services for \$11,120, seconded by Director Bautista.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

C. Review/Approve EKI's Proposal for Preparation of the Annual Water Supply and Demand Assessments (AWSDAs) due to Department of Water Resources (DWR) by July 1, 2023.

General Manager Mairena stated that this was the second year of having to do this assessment and it would now be a yearly requirement, so the District would have to budget annually for it. She commented that the State Water Resources Board would like updated data on the District's water use and how it would face any water shortages. General Manager Mairena also stated that the proposal was for \$9,500, since the deadline was coming up on July 1st and the District lacked resources to do it in-house, she recommended approval of this proposal.

Director Amuzie stated that based on the amount of the proposal, the General Manager should be able to make a decision. The General Manager replied that since there was still enough time and she would eventually need to report back to the Board, she had decided to add it to the agenda.

Attorney Conneran recommended that since the amount of the proposal did not state "cost not to exceed," perhaps the Board would want to add a \$500 contingency to the approval.

Director Chambers moved to approve EKI's Proposal for the Preparation of the Annual

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Water Supply and Demand Assessment (AWSDAs) due to the Department of Water Resources (DWR) by July 1, 2023, for \$9,500 plus a \$500 contingency, seconded by Director Amuzie.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

D. Consideration to Approve Billing Rate Increase for Pakpour Consulting Group, Inc., Effective March 1, 2023.

General Manager Mairena referred to the letter in the board packet from Pakpour Consulting Group requesting a billing rate increase due to the CPI and the new rates were stated in the letter. President Medina asked when the Board had approved the last increase for Pakpour. Ms. Mairena replied that it was back in March 2022, and stated that the Consumer Price Index (CPI) for this year had been much higher than last year's.

Director Bautista asked General Manager Mairena if it was usual for companies normally to increase above the CPI. General Manager Mairena replied that she has only done this twice, but she did not think it was unusual. In addition, the CPI was for December 2022, and when the District had granted the CPI for employees, it was a bit higher than that. President Medina suggested to keep an eye on the requested increases. Director Chambers replied that perhaps in the future, we should look at the competition.

Director Chambers moved to approve a Billing Rate Increase for Pakpour Consulting Group, Inc., Effective March 1, 2023, seconded by Director Bautista.

Director Chambers stated that General Manager Mairena should check on this matter in perhaps another nine months.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

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The motion was carried unanimously.

E. Scheduling Tour of the City of Daly City Wastewater Treatment Plant.

General Manager Mairena stated that she had emailed the Board about their availability and possible tour dates suggested by Greg Krauss, Wastewater Treatment Plant Manager. The date that seemed to work best was February 22, 2023. Mr. Krauss had suggested a starting time of 1 p.m. with a lasting time of no more than one hour. Mr. Krauss had also stated that there were too many stairs, and he did not recommend participation for anyone with mobility issues. General Manager Mairena commented that although they do not have a virtual tour of the plant, pictures could be taken and shared with those who did not participate.

General Manager Mairena stated she would need to know who would be attending. Attorney Conneran confirmed that if three or more directors would be participating, then it would be a quorum, and the tour would need to be noticed as a meeting of the Board.

General Manager Mairena reported that Directors Amuzie, Chambers, and President Medina would like to participate, and due to mobility issues, Director Richards had withdrawn her interest in participating. Director Bautista declined to participate.

General Manager Mairena stated that she would be figuring something out because she wanted new staff members and those who have not participated before, to attend.

F. Consideration to Move the May 11, 2023, Regular Board Meeting to May 4, 2023.

General Manager Mairena reported that in past years, when there was an overlap between the regular board meeting and the ACWA/JPIA Conference, the board meeting would be moved to another date. It was her recommendation that the May 11, 2023, board meeting be moved to May 4, 2023.

Director Chambers moved to approve moving the May 11, 2023, Regular Board Meeting to May 4, 2023, seconded by Director Bautista.

Roll Call

Director Amuzie	Aye
Director Bautista	Aye
Director Chambers	Aye
Director Richards	Aye
Director Medina	Aye

The motion was carried unanimously.

7. WRITTEN COMMUNICATIONS: None.

8. ATTORNEY'S REPORT:

A. Discuss Return to In Person Board Meetings.

Attorney Conneran presented a Brown Act Meeting Guidance sheet recapping the emergency order the Governor issued in response to the COVID pandemic that was followed up by the Legislature adopting AB 361 which allowed public agencies not to meet in person as long as there was an emergency order still in effect and there were recommendations for social distancing. The Governor had indicated that the emergency order will terminate as of February 28, 2023, so the March board meeting would have to be in person. Attorney Conneran stated that he had provided the Board with a guidance sheet which go over the new rules, and other than meeting in person, the old fashion way, there were two alternatives for remote participation.

1. Traditional Brown Act Teleconferencing Rule – any other location in which a director wished to participate from would have to be disclosed to the public and the public would need to be allowed to that location if they wished to attend the meeting. In addition, that location address would need to be posted on the agenda.
2. New Teleconference Alternatives for 2023 (AB 2449) – this new law is fairly complicated and not very useful. These rules do allow for remote participation for just cause or emergency circumstances but are limited on the number of times a director can use them, in addition to requiring other things, such as the quality of the technology and disclosing any adults who are present at the meeting.

Attorney Conneran commented that these requirements made the two alternatives not very workable, so if any directors had a situation and wanted to take advantage of that, they should call him or General Manager Mairena, who could talk to him to see how they could be accommodated it. Attorney Conneran concluded the District should just plan on meeting in person for the March meeting.

Director Amuzie asked if he were on vacation in Europe, would he be able to participate. Attorney Conneran replied that under the old Brown Act Rules, he could but would need to post the agenda on the door of his vacation location and allowed to come in anyone who happened to be there and wanted to participate. The restriction is that there should be a quorum of the legislative body within the boundaries of the agency.

9. GENERAL MANAGER'S REPORT:

A. Report on District's Water Conservation for January 2023.

General Manager Mairena presented the water conservation efforts for January 2023 which showed a drop in usage, and asked Director Chambers if he wanted to report. Director Chambers stated that when it rained, people do not consume as much water. Director Chambers reported that the usage was much lower but not quite as low as last year's but were getting pretty close.

Director Chambers mentioned that the SFPUC will be doing snow surveys in February, March, and April. In April, the SFPUC could conceivably call the drought over if the conditions are good, but they may also wait until June due to the surcharge being billed to their retail customers.

General Manager Mairena stated that at the BAWSCA meeting, they had said that San Francisco would probably wait until the State called off the drought before they took any action but overall, the supply of water in the Hetch Hetchy System reservoirs was very good.

B. Report on Sewer Pipe at Westborough and Galway Drive (*item added*).

General Manager Mairena displayed a picture of a sewer pipe at Westborough Blvd. and Galway Drive. MCI had directional boring done and had bored right through the pipe. The problem was discovered by the Sanitation Department during flushing because the water started backing up and they ended up televising the pipe, finding this issue.

General Manager Mairena stated that so far, no records of a USA ticket had been located, but the work was done by MCI, and they had taken the responsibility for the repairs. In addition, she had instructed Field Supervisor Kennedy to make sure our water pipe, which runs parallel to the sewer pipe, was marked properly and the contractor pot-holed to find it, since we do not want any cross-contamination. Ms. Mairena also reported that she had contacted Kelvin Mulnar from the City of South San Francisco Engineering Department to make them aware of the situation.

Attorney Conneran asked who was doing the repairs and stated that the District should be able to get any USA tickets. General Manager Mairena replied that the District was still investigating to see if a permit packet had come in. Ms. Mairena also stated the repairs were still being performed prior to the start of the board meeting and she will report back on this issue.

10. ITEMS FROM BOARD OF DIRECTORS:

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A. Report on BAWSCA Meeting of January 19, 2023 (Chambers).

Director Chambers stated that his report for the BAWSCA meeting was on the board packet and asked if there were any questions.

Director Bautista asked how close the San Andreas Reservoir got to having a spill. Director Chambers replied that it was within 5 or 6 feet, which could have cause problems since it would have spilled into the San Mateo Creek which was already very full. Attorney Conneran commented that the only other way to empty it was to use the water.

Director Bautista asked what a VA was. Director Chambers replied it was a voluntary agreement which dealt with water rights and BAWSCA hoped to get it signed as early as March.

B. Other Items from Board Members (*items added*).

President Medina reported she had received a letter dated January 22, 2023, from BAWSCA asking if the Board had appointed anyone yet to the agency board. Ms. Medina asked General Manager Mairena if she had already replied or if she needed to reply. General Manager Mairena replied that she had taken care of this already and emailed them the minutes.

Director Chambers stated that even though San Francisco was still doing their budget, they were predicting an 11.6% increase in wholesale water rates, and that rates for 2025, 2026, and 2027 would have no increase, and afterwards, a 4% increase. Director Chambers stated that there used to be a balancing fund which help to subsidize the rates, but it is now gone. President Medina stated that this information would be good to put in a newsletter to alert our customers so that they could be prepared.

11. CLOSED SESSION: None.

12. ADJOURNMENT:

Without objection, President Medina adjourned the meeting.
Time 8:59 p.m.

Secretary

President

Date

**MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF DIRECTORS**

Wednesday, February 22, 2023

**City of Daly City Wastewater Treatment Plant
[153 Lake Merced Blvd, Daly City, CA 94015](#)**

The meeting was called to order at 1:00 p.m.

1. ATTENDANCE:

Directors Present: Don Amuzie
Tom Chambers
Janet Medina

Directors Absent: Perry Bautista
Julie Richards

Staff Present: Martha Mendoza, Operations Assistant
Wendy Bellinger, Office Supervisor
Johnny Kennedy, Field Supervisor
Carlos Arias, Senior Field Worker
Tyler Armstrong, Field Worker
Patricia Mairena, General Manager

Guide Present: Gregory Krauss, Chief of Operations, City of Daly City Water &
Wastewater Resources

2. SPECIAL ORDER OF BUSINESS:

- A. The District will hold a Session with the Board of Directors and Staff to tour the City of Daly City Wastewater Treatment Plant. The tour will begin at the parking lot of the City of Daly City Wastewater Treatment Plant and will continue throughout the plant.**

The meeting started at the parking lot of the City of Daly City Wastewater Treatment Plant, promptly at 1 p.m. Directors and District staff were greeted by Gregory Krauss, Chief of Operations and Joshua Cosgrove, Director of Water and Wastewater Resources. There was a brief introduction of the directors and staff, followed by a guided tour of the Wastewater Treatment Plant conducted by Gregory Krauss.

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The tour ended at the gate/entrance to the City of Daly City Wastewater Treatment Plant.

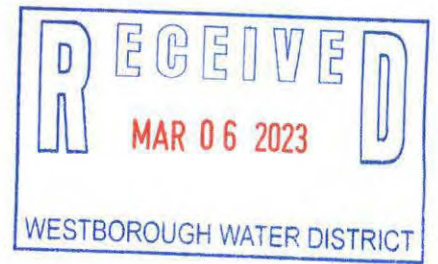
2. ADJOURNMENT:

The meeting was adjourned at 1:47 p.m.

Secretary

President

Date



Westborough Water District

Financial Statements
With Accountant's Compilation Report
January 31, 2023



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

Westborough Water District

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Chavan and Associates, llp
Certified Public Accountants

Accountant's Compilation Report

To the Board of Directors
Westborough Water District
City of South San Francisco, CA

Management is responsible for the accompanying financial statements of the business-type activities of the Westborough Water District, CA (the "District"), as of and for the seven months ended January 31, 2023, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information on pages 7 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. However, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

A statement of cash flows for the seven months ended January 31, 2023, has not been presented. Accounting principles generally accepted in the United States of America require that a statement of cash flows be presented when financial statements purport to present financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.



Chavan and Associates, LLP
Certified Public Accountants

We are not independent with respect to the District as of and for the seven months ended January 31, 2023, because we performed certain accounting services that impaired our independence. We were engaged to compile monthly summary reports of the District's transactions instead of a full set of financial statements. As such, we are required by the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants to disclose that the accompanying financial statements exclude the minimum required disclosures and statement of cash flows. This does not impact the credibility and accuracy of the information included in the accompanying financial statements.

C & A LLP

March 3, 2023
Morgan Hill, California

Westborough Water District
Statement of Net Position
January 31, 2023

ASSETS

Utility Plant in Service (Note 5):

Land	\$ 182,633
Work in Progress	141,942
Water Facility	7,889,729
Building	1,493,829
Joint-Use Facilities	94,907
Meters	694,707
Office Furniture and Equipment	156,528
Maintenance Facility	502,117
Sewer Facility	3,367,613
Total Utility Plant in Service (Capital Assets)	14,524,005
Less Accumulated Depreciation	(6,786,796)
Utility Plant in Service-Net Depreciation Expense	7,737,209

Current Assets:

Cash (Including \$3,464,989 in Time Deposits)	4,717,261
Receivables	
Water	1,143,482
Other	28,016
Prepaid Expenses and Other	30,475
Inventory	346,547
Total Current Assets	6,265,781
Total Assets	\$ 14,002,990

DEFERRED OUTFLOWS

Deferred Pension Outflows	\$ 254,553
Deferred OPEB Outflows	93,166
Total Deferred Outflows	\$ 347,719

(continued)

See accompanying notes and accountant's compilation report

Westborough Water District
Statement of Net Position
January 31, 2023

LIABILITIES

Current Liabilities:

Accounts Payable (Note 2)	\$ 1,538,915
Customers' Deposits	359,950
Unearned Revenue	32,046
Total Current Liabilities	<u>1,930,911</u>

Long-term Liabilities:

Accrued Vacation	50,694
Net Pension Liability	786,071
Net OPEB Obligation	383,668
Total Long-term Liabilities	<u>1,220,433</u>
Total Liabilities	<u>\$ 3,151,344</u>

DEFERRED INFLOWS

Deferred Pension Inflows	\$ 65,453
Deferred OPEB Inflows	125,990
Total Deferred Inflows	<u>\$ 191,443</u>

NET POSITION

Net Investment in Capital Assets	\$ 7,737,209
Restricted for Capital Facilities	347,103
Unrestricted:	
Reserved for Contingencies	278,273
Reserved for Capital Expenditures	1,916,100
Non-spendable Inventory and Prepaids	377,022
Unappropriated	352,215
Total Net Position	<u>\$ 11,007,922</u>

(concluded)

See accompanying notes and accountant's compilation report

Westborough Water District
Statement of Activities
For the seven months ended January 31, 2023

Operating Revenue:	
Water Sales (Note 3)	\$ 2,396,518
Sewer Svc. and Transfer Charges	1,946,133
Misc. Operations	14,191
Capital Facility Income	<u>12,064</u>
Total Operating Revenue	<u>4,368,906</u>
Operating Expense:	
Water Expenditures	1,619,810
Sanitary Sewer Expenditures	1,548,039
Admin. and General Expenditures	745,222
Depreciation	193,028
Capital Facility Expense	<u>400</u>
Total Operating Expenses	<u>4,106,499</u>
Operating Income (Loss)	262,407
Non-operating Income (Expense):	
Property Taxes	449,166
Investment Interest	22,673
Other	<u>156,573</u>
Total Non-operating Income (Expense)	<u>628,412</u>
Change in Net Position	890,819
Net Position - Beginning	<u>10,117,103</u>
Net Position - Ending	<u><u>\$ 11,007,922</u></u>

See accompanying notes and accountant's compilation report

Westborough Water District
Selected Information - Substantially All Disclosures Required by
Generally Accepted Accounting Principles are Not Included
January 31, 2023

NOTE 1 - There was no Bad Debt expense during the month.

NOTE 2 - Accounts payable at January 31, 2023, includes \$1,421,259 of accrued treatment and disposal expense.

NOTE 3 - Estimated operating revenues are used in preparing the financial statements for the months of January, March, May, July, September and November because actual figures are not available until one and one-half months after the close of these months.

NOTE 4 - Accounts receivable are reported net an allowance for uncollectible accounts of \$(2,210) to account for uncollectible water receivables for the period.

NOTE 5 - Changes in utility plant in-service for the seven months ended January 31, 2023, were as follows:

Beginning Balance	\$ 14,524,005
Engineering	-
Surveying	-
Contractors	-
Other Fixed Assets	-
Ending Balance	<u>\$ 14,524,005</u>

Westborough Water District
Schedule of Income and Expense - Budget to Actual
For the seven months ended January 31, 2023

	January	Year to Date	2022-23 Budget	Percentage to Date	Percentage Variance	\$ Variance YTD Plan
Operating Revenue:						
Water Sales (Note 3)	\$ 284,670	\$ 2,396,518	\$ 4,058,845	59.04%	0.71%	\$ 28,858
Sewer Svc. and Transfer Charges	256,513	1,946,133	3,200,831	60.80%	2.47%	78,982
Misc. Operations	1,595	14,191	-	100.00%	100.00%	14,191
Capital Facility Income	3,016	12,064	-	100.00%	100.00%	12,064
Total Operating Revenue	545,794	4,368,906	7,259,676	60.18%	1.85%	134,095
Operating Expense:						
Water Expenditures	180,816	1,619,810	2,702,930	59.93%	-1.59%	(43,101)
Sanitary Sewer Expenditures	219,744	1,548,039	2,771,431	55.86%	2.48%	68,629
Admin. and General Expenditures	117,990	745,222	1,213,815	61.40%	-3.06%	(37,162)
Depreciation	25,738	193,028	365,000	52.88%	5.45%	19,889
Capital Facility Expense	-	400	-	100.00%	-100.00%	(400)
Total Operating Expenses	544,288	4,106,499	7,053,176	58.22%	0.11%	7,855
Operating Income (Loss)	1,506	262,407	206,500	127.07%	-68.74%	141,950
Non-operating Income (Expense):						
Property Taxes	150,421	449,166	613,231	73.25%	14.91%	91,448
Investment Interest	9,674	22,673	12,052	188.13%	129.80%	15,643
Other	62,668	156,573	36,000	434.93%	376.59%	135,573
Total Non-operating Income (Expense)	222,763	628,412	661,283	95.03%	36.70%	242,664
Net Income (Loss)	\$ 224,269	\$ 890,819	\$ 867,783	102.65%	44.32%	\$ 384,614

Westborough Water District
Schedule of Income and Expense - Budget to Actual
For the seven months ended January 31, 2023

	January	Year to Date	2022-23 Budget	Percentage to Date	Percentage Variance	\$ Variance YTD Plan
Water Expenditures:						
Salaries	\$ 32,553	\$ 241,900	\$ 407,317	59.39%	-1.06%	\$ (4,298)
Salaries Overtime	722	3,906	8,000	48.83%	9.51%	761
Benefits	7,296	77,598	117,178	66.22%	-7.89%	(9,244)
OPEB	1,369	11,283	11,870	95.05%	-36.72%	(4,359)
Payroll Taxes	2,899	18,401	32,220	57.11%	1.22%	394
Technical Communications	931	5,361	9,052	59.22%	-0.89%	(81)
Utilities	10,670	93,614	136,634	68.51%	-10.18%	(13,911)
Supplies and Small Tools	690	7,610	15,000	50.73%	7.60%	1,140
Maintenance of System	157	26,712	60,148	44.41%	13.92%	8,374
Special Services	700	35,638	74,526	47.82%	10.51%	7,836
Vehicle Expense	814	11,502	30,400	37.84%	20.50%	6,231
Water Purchases	122,015	1,086,285	1,800,585	60.33%	-2.00%	(35,944)
Total Water Expenditures	180,816	1,619,810	2,702,930	59.93%	-1.59%	(43,101)
Sanitary Sewer Expenditures:						
Treatment & Disposal	203,037	1,422,054	2,601,335	54.67%	3.67%	95,391
Utilities	12,048	66,192	103,287	64.09%	-5.75%	(5,941)
Repair of Pipelines	-	-	5,000	0.00%	58.34%	2,917
Repair of Pumps	2,313	16,313	15,000	108.75%	-50.42%	(7,563)
Miscellaneous Sewer Expenses	2,346	43,480	46,809	92.89%	-34.56%	(16,175)
Total Sanitary Sewer Expenditures	219,744	1,548,039	2,771,431	55.86%	2.48%	68,629

Westborough Water District
Schedule of Income and Expense - Budget to Actual
For the seven months ended January 31, 2023

	January	Year to Date	2022-23 Budget	Percentage to Date	Percentage Variance	\$ Variance YTD Plan
Administrative and General Expenditures:						
Salaries	38,613	292,013	510,682	57.18%	1.15%	5,885
Salaries-Temporary	-	1,001	2,000	50.05%	8.30%	166
Salaries-Overtime	-	-	2,000	0.00%	58.35%	1,167
Employee Benefits	11,523	127,387	179,751	70.87%	-12.54%	(22,532)
OPEB	2,054	16,925	19,816	85.41%	-27.08%	(5,366)
Office Supplies and Postage	574	7,541	10,070	74.89%	-16.55%	(1,667)
Memberships	23,836	38,544	45,545	84.63%	-26.29%	(11,976)
Utilities	208	612	1,000	61.20%	-2.90%	(29)
Telephone	-	1,819	4,534	40.12%	18.22%	826
Payroll Taxes	3,354	16,824	41,072	40.96%	17.37%	7,135
Water Conservation	250	1,123	16,000	7.02%	51.31%	8,210
Building & Grounds Maintenance	1,069	7,957	9,668	82.30%	-23.97%	(2,317)
Parking Rentals	450	3,150	5,760	100.00%	-100.00%	210
Directors Fees	700	6,200	10,500	59.05%	-0.71%	(75)
Engineering Services	8,219	47,111	50,000	94.22%	-35.89%	(17,944)
Accounting	750	15,329	22,325	68.66%	-10.33%	(2,306)
Legal	1,125	26,256	23,400	112.21%	-53.87%	(12,606)
Billing	8,878	25,735	46,442	55.41%	2.92%	1,356
Communications	1,348	15,729	25,530	61.61%	-3.28%	(837)
General Election	-	2,685	3,750	71.60%	-13.28%	(498)
Insurance	9,913	43,888	71,000	61.81%	-3.48%	(2,471)
Bad Debts (Note 1)	-	17	2,000	0.85%	57.50%	1,150
Travel	1,540	4,800	9,000	53.33%	5.00%	450
Miscellaneous	3,586	42,576	101,970	41.75%	16.58%	16,907
Total Admin. and General Expenditures	117,990	745,222	1,213,815	61.40%	-3.06%	(37,162)
Depreciation Expense	25,738	193,028	365,000	52.88%	5.45%	19,889
Capital Facility Expense	-	400	-	100.00%	-100.00%	(400)
Total Expenses	\$ 544,288	\$ 4,106,499	\$ 7,053,176	58.22%	0.11%	\$ 7,855

WESTBOROUGH WATER DISTRICT
INVESTMENT REPORT FOR PERIOD ENDING: FEBRUARY 28, 2023

LOCAL AGENCY INVESTMENT FUND
MONTHLY ACTIVITY REPORT

<u>DATE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>TRANSACTION BALANCE</u>
		Beginnning Balance	\$3,322,188.57
		No Transactions	\$3,322,188.57
		Ending Balance	\$3,322,188.57

Total Investments Last Report Period = \$3,322,188.57
Total Investments at End of Report Period = \$3,322,188.57

Effective Interest Rate: 2.425%
(as of 01/23)

Approved by:



Patricia Mairena
General Manager

PM/pm

The investments of the Westborough Water District as of this date are in compliance with the District's Statement of Investment Policy as adopted by the Board on February 8, 1996. The District has a sufficient cash position to meet its expenditure requirements for the next six months.

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

March 06, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

WESTBOROUGH WATER DISTRICT

GENERAL MANAGER
P.O.BOX 2747
SOUTH SAN FRANCISCO, CA 94083-2747

[Tran Type Definitions](#)

Account Number: 90-41-004

February 2023 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	3,322,188.57
Total Withdrawal:	0.00	Ending Balance:	3,322,188.57

WESTBOROUGH WATER DISTRICT
INVESTMENT REPORT FOR PERIOD ENDING: FEBRUARY 28, 2023

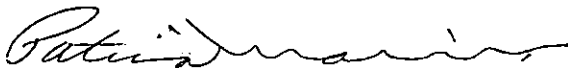
MULTI-BANK SECURITIES, INC.
MONTHLY ACTIVITY REPORT

<u>DATE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>	<u>TRANSACTION BALANCE</u>
Beginnning Balance			\$138,419.70
02/28/23	\$ (634.50)	Change in Account Value	\$137,785.20
Ending Balance			\$137,785.20

Total Investments Last Report Period = \$138,419.70
Total Investments at End of Report Period = \$137,785.20

Effective Interest Rate: 3.550%
(to maturity - 09/30/24)

Approved by:



Patricia Mairena
General Manager

PM/pm

The investments of the Westborough Water District as of this date are in compliance with the District's Statement of Investment Policy as adopted by the Board on February 8, 1996. The District has a sufficient cash position to meet its expenditure requirements for the next six months.

Brokerage Account Statement

February 1, 2023 - February 28, 2023
Account Number: RMB-023565

WESTBOROUGH WATER DISTRICT
PO BOX 2747
S SAN FRAN CA 94083-2747

Your Account Executive:
PAUL REHMUS
(800) 967-4513

Portfolio at a Glance

	This Period
BEGINNING ACCOUNT VALUE	\$138,419.70
Net Change in Portfolio¹	-634.50
ENDING ACCOUNT VALUE	\$137,785.20
Estimated Annual Income	\$5,005.50

¹ Net Change in Portfolio is the difference between the ending account value and beginning account value after activity.

3.C.4

Asset Summary

Percent	Asset Type	Last Period	This Period
100%	Fixed Income	138,419.70	137,785.20
100%	Account Total	\$138,419.70	\$137,785.20

Please review your allocation periodically with your Account Executive.
Your Account is 100% invested in Fixed Income.

Client Service Information

Your Account Executive: MBP

PAUL REHMUS
MULTI-BANK SECURITIES
1000 TOWN CENTER, STE 2300
SOUTHFIELD MI 48075-1239

Contact Information

Business: (800) 967-4513
E-Mail: customerservice@mbssecurities.com

Client Service Information

Service Hours: Weekdays 09:00 a.m. - 05:00 p.m. (EST)
Client Service Telephone Number: (800) 967-9045
Web Site: WWW.MBSSECURITIES.COM

Your Account Information

INVESTMENT OBJECTIVE

Investment Objective: NONE SPECIFIED

Please discuss your investment objective with your Account Executive.

TAX LOT DEFAULT DISPOSITION METHOD

Default Method for Mutual Funds: First In First Out

Default Method for Stocks in a Dividend Reinvestment Plan: First In First Out

Default Method for all Other Securities: First In First Out

BOND AMORTIZATION ELECTIONS

Amortize premium on taxable bonds based on Constant Yield Method: Yes

Accrual market discount method for all other bond types: Constant Yield Method

Include market discount in income annually: No

ELECTRONIC DELIVERY

Your electronic delivery selections for account communications are listed below:

Electronic Delivery

Enrollment Communication

- ☒ Statements and Reports
- ☒ Trade Confirmations
- ☒ Tax Documents
- ☒ Notifications
- ☒ Prospectus
- ☒ Proxy/Shareholder Communications

3. C. 5

You have not enrolled any of the above documents for electronic delivery. Please log in to your account or contact your Account Executive to make any changes to your electronic delivery preferences.

Portfolio Holdings

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income	Estimated Yield
FIXED INCOME 100.00% of Portfolio (In Maturity Date Sequence)						
Certificates of Deposit						
SECURITY BK & TR CO PARIS TENN CTF DEP 3.550% 09/30/24 B/E DTD 09/28/22 ACT/365 1ST CPN DTE 03/28/23 Security Identifier: 814010CV4	141,000.0000	97.7200	137,785.20	2,098.20	5,005.50	3.63%
Total Certificates of Deposit	141,000.0000		\$137,785.20	\$2,098.20	\$5,005.50	
TOTAL FIXED INCOME	141,000.0000		\$137,785.20	\$2,098.20	\$5,005.50	
Total Portfolio Holdings				Market Value \$137,785.20	Accrued Interest \$2,098.20	Estimated Annual Income \$5,005.50

February 1, 2023 - February 28, 2023
WESTBOROUGH WATER DISTRICT**Portfolio Holdings Disclosures****Pricing**

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices, unless otherwise noted, have been obtained from independent vendor services, which we believe to be reliable. In some cases the pricing vendor may provide prices quoted by a single broker or market maker. Market prices do not constitute a bid or an offer, and may differ from the actual sale price. Securities for which a price is not available are marked "N/A" and are omitted from the Total.

THE AS OF PRICE DATE ONLY APPEARS WHEN THE PRICE DATE DOES NOT EQUAL THE STATEMENT DATE.

Estimated Annual Figures

The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions, they should not be relied on for making investment, trading, or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them. Refer to www.pershing.com/disclosures for specific details as to formulas used to calculate the figures. Accrued interest represents interest earned but not yet received.

Reinvestment

The dollar amount of Mutual Fund distributions, Money Market Fund dividend income, Bank Deposit interest income, or dividends for other securities shown on your statement may have been reinvested. You will not receive confirmation of these reinvestments. Upon written request to your financial institution, information pertaining to these transactions, including the time of execution and the name of the person from whom your security was purchased, may be obtained. In dividend reinvestment transactions, Pershing acts as your agent and receives payment for order flow.

Option Disclosure

Information with respect to commissions and other charges incurred in connection with the execution of option transactions has been included in confirmations previously furnished to you. A summary of this information is available to you promptly upon your written request directed to your introducing firm. In order to assist your introducing firm in maintaining current background and financial information concerning your option accounts, please promptly advise them in writing of any material change in your investment objectives or financial situation. Expiring options which are valuable are exercised automatically pursuant to the exercise by exception procedure of the Options Clearing Corporation. Additional information regarding this procedure is available upon written request to your introducing firm.

Certificates of Deposit

Certificates of Deposit acquired through the Certificate of Deposit Account Registry Service ("CDARS") and held in your brokerage account are subject to Securities Investor Protection Corporation (SIPC) coverage. Please see additional information about SIPC under Important Information and Disclosures on this statement.

Please be advised that the secondary market for CDs is generally illiquid; the actual value of CDs may be different from their purchase price; and a significant loss of principal could result if your CDs are sold prior to maturity. In the event that the CDs listed above do not indicate a market valuation, an accurate market value could not be determined. In the event that a price is listed above for your CDs, Pershing has obtained a price from sources deemed to be reliable or has priced your CDs using a matrix formula. Prices are estimates and the actual value you may obtain for your CD may be different if you elect to sell your CD in the secondary market.

Foreign Currency Transactions

Pershing will execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate

Portfolio Holdings Disclosures *(continued)*

Foreign Currency Transactions *(continued)*

identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

Proxy Vote

Securities not fully paid for in your margin account may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin may be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

Messages

Although a money market mutual fund (money fund) seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in a money fund. Shares of a money fund or the balance of a bank deposit product held in your brokerage account may be liquidated upon request with the proceeds credited to your brokerage account. Please see the money fund's prospectus or the bank deposit product's disclosure document or contact your advisor for additional information. Pursuant to SEC Rule 10b-10(b)(1) confirmations are not sent for purchases into money funds processed on the sweep platform. Pursuant to applicable regulation, account statements will be produced monthly or quarterly. Balances in Federal Deposit Insurance Corporation (FDIC)-insured bank deposit sweep products are not protected by Securities Investor Protection Corporation (SIPC).

3.C.7 eDelivery

Eliminate paper and save natural resources with digital adoption. Electronic delivery (eDelivery) is faster, convenient and more secure. We offer eDelivery for account statements, prospectus documents, proxy or shareholder communications, tax documents, trade confirmations and more.

To enroll, log in to your brokerage account and look for the one-click eDelivery pop-up or simply select 'Go Paperless' at the top of any page and follow the on-screen prompts for set-up your preferences. Enrollment can be activated as quickly as the day you register, and you will be notified when documents are available in an online, password-protected portal.

Contact your financial professional if you have any questions about any of our digital tools.

Please be advised that, beginning April 7, 2023, Pershing will be implementing a change to client accounts governed by a margin agreement. Under the new process, eligible settled long positions will be maintained in a client's margin account type. Accounts that are not governed by a margin agreement will not be affected by this change. Please contact your financial organization if you wish to learn more about this change.

February 1, 2023 - February 28, 2023
WESTBOROUGH WATER DISTRICT**Important Information and Disclosures****The Role of Pershing**

- **Pershing LLC, member FINRA, NYSE, carries your account as clearing broker pursuant to a clearing agreement with your financial institution.** Pershing is not responsible or liable for any acts or omissions of your financial institution or its employees and it does not supervise them. Pershing provides no investment advice nor does it assess the suitability of any transaction or order. Pershing acts as the agent of your financial institution and you agree that you will not hold Pershing or any person controlling or under common control with it liable for any investment losses incurred by you.
- Pershing performs several key functions at the direction of your financial institution. It acts as custodian for funds and securities you may deposit with it directly or through your financial institution or that it receives as the result of securities transactions it processes.
- Your financial institution is responsible for adherence to the securities laws, regulations and rules which apply to it regarding its own operations and the supervision of your account, its sales representatives and other personnel. Your financial institution is also responsible for approving the opening of accounts and obtaining account documents; the acceptance and, in certain instances, execution of securities orders; the assessment of the suitability of those transactions, where applicable; the rendering of investment advice, if any, to you and in general, for the ongoing relationship that it has with you.
- Inquiries concerning the positions and balances in your account may be directed to the **Pershing Customer Service Department at (201) 413-3333**. All other inquiries regarding your account or activity should be directed to your financial institution. Your financial organization's contact information can be found on the first page of this statement.
- For a description of other functions performed by Pershing please consult the Disclosure Statement provided to you upon the opening of your account. This notice is not meant as a definitive enumeration of every possible circumstance, but as a general disclosure. If you have any questions regarding this notice or if you would like additional copies of the Disclosure Statement, please contact your financial institution.
- Pershing is a member of the Securities Investor Protection Corporation (SIPC®). Please note that SIPC does not protect against loss due to market fluctuation. In addition to SIPC protection, Pershing provides coverage in excess of SIPC limits. For more detailed information please visit: www.pershing.com/about/strength-and-stability.
- This statement will be deemed conclusive. You are advised to report any inaccuracy or discrepancy (including unauthorized trading) promptly, but no later than ten days after receipt of this statement, to your financial organization and Pershing. Please be advised that any oral communication should be re-confirmed in writing to further protect your rights, including your rights under the Securities Investor Protection Act.
- Your financial organization's contact information can be found on the first page of this statement. Pershing's contact information is as follows: **Pershing LLC, Legal Department, One Pershing Plaza, Jersey City, New Jersey 07399; (201) 413-3330**. Errors and Omissions excepted.

Important Arbitration Disclosures

- All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

Important Arbitration Agreement

Any controversy between you and Pershing LLC shall be submitted to arbitration before the Financial Industry Regulatory Authority. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action, who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (I) the class certification is denied; (II) the class is decertified; or (III) the client is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein. The laws of the State of New York govern.



Important Information and Disclosures *(continued)*

Important Arbitration Agreement *(continued)*

Pershing's contact information is as follows: **Pershing LLC**, Legal Department, One Pershing Plaza, Jersey City, New Jersey 07399; (201) 413-3330.

3.C.9



CLAIMS REGISTER: FEBRUARY 2023

1. GENERAL ACCOUNT FUND:

Total from Cash Disbursements \$ 83,741.28

Checks Issued During Month:

ACWA-JPIA (Health Benefits & Ins.-03/23)	12,775.72
Aqua-Metric Sales (field Inventory - Water Meters & MXU's)	11,789.37
AT&T (P.S. Phone Bill to 02/01/23)	1,057.36
AT&T Mobility (Field & Office Cell Phones, 01/03/23-02/02/23)	330.64
Bay Area Paving Co., Inc. (Paving at 11 Waverly Ct & 20 Summit Ct, SSF)	2,981.00
CalPERS (Retirement Contributions-02/15/23)	5,405.49
CalPERS (Retirement Contributions-02/28/22)	5,405.49
C.J. Brown & Company CPA's (FY 2021-2022 Audit Services, Progress Pymt.#14)	775.00
Colina Association (Three Parking Spaces Rental, 03/23)	450.00
Costco Wholesale (Membership Renewal)	240.00
City of Daly City (Sewer Service Fee, 07/22-12/22)	1,282,532.09
Direct Line (Answering Service, 01/15-02/14)	322.78
EFTPS (Employment Taxes-02/15/23)	10,952.77
EFTPS (Employment Taxes-02/28/23)	10,733.50
EDD (Employment Taxes-02/15/23)	2,500.44
EDD (Employment Taxes-02/28/23)	2,367.91
Hach Company (Water Sampling Supplies)	504.65
Hanson Bridgett LLP (Special Legal Services - Admin & Monthly Retainer-01/23)	1,494.00
Home Depot Credit Services (Field Supplies to 02/13/23)	41.52
Lowe's Business (Field Supplies to 02/17/23)	260.86
Mairena, Patricia (GM Mairena's Internet Services, 01/27-02/26 and Gym Enrollment Fee & 01/23 Membership Dues)	123.99
North Coast County Water (Bacteria Analyses-01/23)	700.00
Office Depot (Office Supplies)	74.85
O'Reilly Auto Parts (Brake Light Bulbs & Fuses)	38.84
PG&E (Summary Bill to 02/17/23)	22,618.46
Quadient Leasing USA, Inc. (Postage Meter, 03/09-06/08)	153.97
Selerum (Tyler's PC - Power Supply)	27.60
SF Water Dept. (Water Purchases, 01/06-02/03)	115,337.93
SFPUC Financial Serv. - Acctg. (Sub, THM, Haloacetic Testing, 12/22)	1,065.00
So. SF Scavengers (Garbage Services, 01/23)	110.13
Telstar Instruments, Inc (Installation Power for Jacket Water Heater)	8,765.27
Tri Counties Bank (Monthly Credit Card Charges Thur 01/31/23)	1,687.33
WEX Bank (Wright Express-Gas Purchases to 02/15/22)	1,238.03

SUB-TOTAL **\$ 1,588,603.27**

Updated Checks Voided During Month:

NONE

TOTAL CLAIMS REGISTER AMOUNT **\$ 1,588,603.27**

REPORT.: Mar 06 23 Monday
 RUN....: Mar 06 23 Time: 11:31
 Run By.: Wendy Bellinger

WESTBOROUGH WATER DISTRICT
 Accounts Payable Cash Requirements

PAGE: 001
 ID #: PY-RP
 CTL.: 000

Control Date.: 03/06/23 Posting Period...: 03-23 Fiscal Period...: (09-23) Cash Account No...: 13110

VENDOR I.D.: ALE01 (ALERT DOOR SERVICE, INC.)

Invoice No	Description	Invoice Date	Actual Period	G/L Account #	Discount	Gross Amount	Discount Amount	Net Amount
88681-	SKYLINE SITE GATE- INSTALL NEW GOOSENECK W KEYPAD	02/06/23	03-23	A 59450		1978.00	.00	1978.00
		02/06/23	09-23					
** Vendor's Subtotal ----->						1978.00	.00	1978.00

VENDOR I.D.: AMU01 (AMUZIE, DON)

020123-	DIRECTOR AMUZIE'S INTERNET SERVICE, 02/10-03/09	02/01/23	03-23	A 59450		65.00	.00	65.00
		02/01/23	09-23					
** Vendor's Subtotal ----->						65.00	.00	65.00

VENDOR I.D.: BAU02 (BAUTISTA, PERRY H.)

022223-	DIRECTOR BAUTISTA'S INTERNET SERVICE, 03/23	02/23/23	03-23	A 59450		65.00	.00	65.00
		02/23/23	09-23					
** Vendor's Subtotal ----->						65.00	.00	65.00

VENDOR I.D.: CAS01 (PETTY CASH)

022823-	MISC. EXPENSES - 02/23	02/28/23	03-23	A 59450		369.40	.00	369.40
		02/28/23	09-23					
** Vendor's Subtotal ----->						369.40	.00	369.40

VENDOR I.D.: CHA04 (CHAMBERS, TOM)

021123-	DIRECTOR CHAMBERS' INTERNET SERVICE, 02/16-03/15	02/11/23	03-23	A 59450		65.00	.00	65.00
		02/11/23	09-23					
** Vendor's Subtotal ----->						65.00	.00	65.00

VENDOR I.D.: CMR01 (UNITED STATE POSTAL SERV.)

022823-	POSTAGE METER REFILL	02/28/23	03-23	A 59450		500.00	.00	500.00
		02/28/23	09-23					
** Vendor's Subtotal ----->						500.00	.00	500.00

VENDOR I.D.: DAL02 (DALY CITY, CITY OF)

020123-	2450 TARA LN, SSF. - SEWER LATERAL PERMIT	02/01/23	03-23	A 59450		100.00	.00	100.00
		02/01/23	09-23					
** Vendor's Subtotal ----->						100.00	.00	100.00

VENDOR I.D.: LIF01 (LIPTOFF DIGITAL, LLC)

33731-	WEB REPORTING & HOSTING, 02/23	02/01/23	03-23	A 59450		75.00	.00	75.00
		02/01/23	09-23					
33849-	WEB REPORTING & HOSTING, 03/23	03/01/23	03-23	A 59450		75.00	.00	75.00
		03/01/23	09-23					
** Vendor's Subtotal ----->						150.00	.00	150.00

VENDOR I.D.: MA 01 (ADRIAN MA)

022123-	ONE WWD WASHING MACHINE REBATE FOR ACCT NO MA 0014	02/21/23	03-23	A 59450		100.00	.00	100.00
		02/21/23	09-23					
030323-	ONE WWD HET REBATE FOR ACCT NO MA 0014	03/03/23	03-23	A 59450		50.00	.00	50.00
		03/03/23	09-23					
** Vendor's Subtotal ----->						150.00	.00	150.00

REPORT.: Mar 06 23 Monday
 RUN....: Mar 06 23 Time: 11:31
 Run By.: Wendy Bellinger
 Control Date.: 03/06/23

WESTBOROUGH WATER DISTRICT
 Accounts Payable Cash Requirements

PAGE: 002
 ID #: PY-RP
 CTL.: 000

Posting Period.: 03-23 Fiscal Period.: (09-23) Cash Account No.: 13110

VENDOR I.D.: MED01 (MEDINA, JANET)

Invoice No	Description	Invoice Date	Actual Period	Tm	G/L Account # Discount	Gross Amount	Discount Amount	Net Amount
		Due Date	Fiscal					
020123-	DIRECTOR MEDINA'S INTERNET SERVICE, 02/10-03/09	02/01/23 02/01/23	03-23 09-23	A	59450	65.00	.00	65.00
** Vendor's Subtotal ----->						65.00	.00	65.00

VENDOR I.D.: MR 01 (MRC)

IN3267682-	XEROX COPIER MAINT. AGREEMENT, 01/19-02/18	02/13/23 02/13/23	03-23 09-23	A	59450	171.50	.00	171.50
** Vendor's Subtotal ----->						171.50	.00	171.50

VENDOR I.D.: PAK01 (PAKPOUR CONSULTING GROUP, INC.)

4039-	ENGINEERING SERVICES - 02/23	03/02/23 03/02/23	03-23 09-23	A	59450	1737.76	.00	1737.76
** Vendor's Subtotal ----->						1737.76	.00	1737.76

VENDOR I.D.: RIC03 (RICHARDS, JULIE L)

013123-	DIRECTOR RICHARDS' INTERNET SERVICE, 02/23	01/31/23 01/31/23	03-23 09-23	A	59450	65.00	.00	65.00
** Vendor's Subtotal ----->						65.00	.00	65.00

VENDOR I.D.: SAN03 (SAN MATEO COUNTY ASSESSOR)

030323-	FILE WITH PARCELS INFORMATION FOR FY2023-2024	03/03/23 03/03/23	03-23 09-23	A	59450	405.00	.00	405.00
** Vendor's Subtotal ----->						405.00	.00	405.00

VENDOR I.D.: SEL01 (SELERUM, INC.)

55322-	IT TECNINIAL ASSISTANCE - RE: VERIZON & COMCAST	02/28/23 02/28/23	03-23 09-23	A	59450	177.10	.00	177.10
** Vendor's Subtotal ----->						177.10	.00	177.10

VENDOR I.D.: STA01 (STAPLES CREDIT PLAN)

322493490-	OFFICE SUPPLIES	02/10/23 02/10/23	03-23 09-23	A	59450	29.40	.00	29.40
** Vendor's Subtotal ----->						29.40	.00	29.40

VENDOR I.D.: STA03 (SWRCB)

LW1040388-	WATER SYSTEM FEES, 07/01/22-06/30/23	12/21/22 12/21/22	03-23 09-23	A	59450	25655.12	.00	25655.12
** Vendor's Subtotal ----->						25655.12	.00	25655.12

VENDOR I.D.: UNI02 (UNITED STATES POSTAL SERV)

022823-	BILLING, BULK MAIL, PERMIT #419	02/28/23 02/28/23	03-23 09-23	A	59450	3000.00	.00	3000.00
** Vendor's Subtotal ----->						3000.00	.00	3000.00

VENDOR I.D.: WES02 (W.W.D. PAYROLL ACCOUNT)

REPORT.: Mar 06 23 Monday
RUN....: Mar 06 23 Time: 11:31
Run By.: Wendy Bellinger

WESTBOROUGH WATER DISTRICT
Accounts Payable Cash Requirements

PAGE: 003
ID #: PY-RP
CTL.: 000

Control Date.: 03/06/23 Posting Period.: 03-23 Fiscal Period.: (09-23) Cash Account No.: 13110

VENDOR I.D.: WES02 (W.W.D. PAYROLL ACCOUNT)

Invoice No	Description	Invoice Date	Actual Period	G/L Tm	Account #	Gross Amount	Discount Amount	Net Amount
022823-	PAYROLL TRANSFER - 02/23	02/28/23	03-23	A	59450	47685.34	.00	47685.34
		02/28/23	09-23					
** Vendor's Subtotal ----->						47685.34	.00	47685.34

VENDOR I.D.: \A005 (JUAN CARLOS ALCANTAR)

000C30201-	MQ CUSTOMER REFUND FOR ALC0005	03/01/23	03-23	Z	59450	83.55	.00	83.55
		03/01/23	09-23					
** Vendor's Subtotal ----->						83.55	.00	83.55

VENDOR I.D.: \A006 (ALTOS REALTY ADVISORS INC.)

000C30201-	MQ CUSTOMER REFUND FOR ALT0001	03/01/23	03-23	Z	59450	122.74	.00	122.74
		03/01/23	09-23					
** Vendor's Subtotal ----->						122.74	.00	122.74

VENDOR I.D.: \K013 (JONAS KNIGHT)

000C30201-	MQ CUSTOMER REFUND FOR KNI0003	03/01/23	03-23	Z	59450	128.00	.00	128.00
		03/01/23	09-23					
** Vendor's Subtotal ----->						128.00	.00	128.00

VENDOR I.D.: \K021 (MILLIE KO)

000C30201-	MQ CUSTOMER REFUND FOR KO 0006	03/01/23	03-23	Z	59450	128.73	.00	128.73
		03/01/23	09-23					
** Vendor's Subtotal ----->						128.73	.00	128.73

VENDOR I.D.: \K022 (TONY KWAN)

000C30201-	MQ CUSTOMER REFUND FOR KWA0010	03/01/23	03-23	Z	59450	122.13	.00	122.13
		03/01/23	09-23					
** Vendor's Subtotal ----->						122.13	.00	122.13

VENDOR I.D.: \L015 (THOMAS CHI KEONG LEE)

000C30201-	MQ CUSTOMER REFUND FOR LEE0301	03/01/23	03-23	Z	59450	191.21	.00	191.21
		03/01/23	09-23					
** Vendor's Subtotal ----->						191.21	.00	191.21

VENDOR I.D.: \L016 (SUK LEE)

000C30201-	MQ CUSTOMER REFUND FOR LEE0319	03/01/23	03-23	Z	59450	34.13	.00	34.13
		03/01/23	09-23					
** Vendor's Subtotal ----->						34.13	.00	34.13

VENDOR I.D.: \M014 (VIRNARD MAGPANTAY)

000C30201-	MQ CUSTOMER REFUND FOR MAG0029	03/01/23	03-23	Z	59450	99.74	.00	99.74
		03/01/23	09-23					
** Vendor's Subtotal ----->						99.74	.00	99.74

VENDOR I.D.: \P005 (PRIME METROPOLIS PROPERTIES INC)

VENDOR I.D.: \P005 (PRIME METROPOLLS PROPERTIES INC)

Invoice No	Description	Invoice Date	Actual Period	G/L Account #	Discount	Gross Amount	Discount Amount	Net Amount
		Due Date	Fiscal Tm					
000C30201-	MQ CUSTOMER REFUND FOR PRI0020	03/01/23	03-23	Z	59450	127.27	.00	127.27
		03/01/23	09-23					
** Vendor's Subtotal ----->						127.27	.00	127.27

VENDOR I.D.: \S013 (IGOR SARKISOV)

000C30201-	MQ CUSTOMER REFUND FOR SAR0024	03/01/23	03-23	Z	59450	142.67	.00	142.67
		03/01/23	09-23					
** Vendor's Subtotal ----->						142.67	.00	142.67

VENDOR I.D.: \S014 (BRIGITTE STEINEBEL)

000C30201-	MQ CUSTOMER REFUND FOR STE0049	03/01/23	03-23	Z	59450	127.49	.00	127.49
		03/01/23	09-23					
** Vendor's Subtotal ----->						127.49	.00	127.49

** Report's Total -----> 83741.28 .00 83741.28

** Total Vendors On This Report -----> 30

** Total Vendors Needing Checks -----> 30

Code	Title
A	IMMEDIATE

Westborough Water District Annual Financial Report

**For the Fiscal Years Ended
June 30, 2022 and 2021**



Mission Statement

The mission of the Westborough Water District is to provide a stable supply of high quality safe drinking water at a fair price to all customers of the District. In addition, the District has the mission to provide reliable sewer service through the North San Mateo County Sanitation District. The Board, the staff and all employees of Westborough Water District are committed to providing its customers with high quality, cost-effective and environmentally sensitive customer service.

Board of Directors as of June 30, 2022

Name	Title	Elected/ Appointed	Current Term
Perry H. Bautista	President	Elected	11/2018-11/2022
Janet G. Medina	Vice President	Elected	11/2020-11/2024
Tom Chambers	Director	Elected	11/2018-11/2022
Don Amuzie	Director	Appointed	09/2021-11/2022
Julie L. Richards	Director	Appointed	09/2021-11/2022

**Patricia Mairena, General Manager
Westborough Water District
2263 Westborough Boulevard
So. San Francisco, California 94080
(650) 589-1435 – www.westboroughwater.org**

Westborough Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021

Presentation Draft Subject to Board Approval

**Westborough Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2022 and 2021**

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Introductory Section

Presentation Draft Subject to Board Approval

March 9, 2023

Board of Directors
Westborough Water District

Introduction

It is our pleasure to submit the Annual Financial Report for the Westborough Water District for the fiscal years ended June 30, 2022 and 2021, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. The report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

District Structure and Leadership

The Westborough Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The Westborough Water District has been providing services to the residents within the district's boundaries since 1961. The District is governed by a five-member Board of Directors. The District General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The Westborough Water District employs a full-time staff of 6 employees. The District's Board of Directors meets on the second Thursday of each month. Meetings are publicly noticed, and citizens are encouraged to attend.

The District provides water, sewer, or a combination of both services to residents and businesses within its service area. The service area lies within the South San Francisco area. The District's boundaries comprise approximately one square mile. The District currently provides service to approximately 4,000 residential, commercial and irrigation connections.

The District's administrative offices are located in the City of South San Francisco in San Mateo County.

Economic Condition and Outlook

The economic condition for the District's service area has experienced some challenges since March 2020 with the onset of the COVID-19 pandemic. Local restaurants, educational, fitness and religious facilities, as well as local entertainment and recreation venues were required to temporarily cease their operations in response to federal, state, and local government mandates in efforts to promote public health and safety and mitigate the risk of spreading the COVID-19 virus. The economic effects of the pandemic continue to ripple through the District's service area throughout fiscal year 2022.

Economic Condition and Outlook, (continued)

In complying with Governor Newsom's Executive Order (EO) N-42-20 of April 2, 2020, the District suspended assessing late fees and disconnection/shutting off water service of customer connections for nonpayment (Health and Safety Code: Section 116902, Subdivision (c)). Though the EO restricted water shutoffs due to nonpayment, the obligation of water customers to pay for water service was neither eliminated nor reduced. On February 10, 2022, the Westborough Water District Board of Directors moved to allow the General Manager to Reinstate Late Payment Fees, Water Shutoffs for Non-Payment, Door Collection Fees, and Reconnection of Water Service Fees.

As a Special District having rate setting authority, the District's risk of/exposure of revenue loss, during the effective period of the EO, is minimal and immaterial. The District's revenue is generated through rates approved by the Board of Directors in accordance with California's Proposition 218. District revenue is not dependent on voter approved tax assessments. It is the intent of the governing body to ensure the costs of providing goods and services to the general public on a continuing basis be recovered primarily through approved rates and charges.

California's water supply continues to be a concern due to environmental and regulatory restriction that threaten the State's ability to provide storage, preserve water supply, and maintain a conveyance system throughout the Sacramento-San Joaquin Delta, all of which lead to increasing supply costs. Although Northern California, through the San Francisco Public Utility Commission has invested heavily in local storage to shield against drought events, the areas outside of the San Francisco Public Utility Commission have failed to make similar investments in storage that could have some impact on local water supply at some point in the future.

Considering the District's ability to meet future water conservation requirements, particularly in the times of drought, the District approved Ordinance No. 69, prohibiting wasteful water use with the District's boundaries. In times of drought, wasteful water use practices constitute a potential threat to the District's ability to meet water conservation measures not only in times of drought, but at all times, is essential to ensure a reliable supply of water to meet current and future water supply needs.

Major Initiatives

The activities of the Board and staff of the District are driven by its Mission Statement: "The mission of the Westborough Water District is to provide a stable supply of high-quality safe drinking water at a fair price to all customers of the district. In addition, the district has the mission to provide reliable sewer service through the North San Mateo County Sanitation District. The Board, the staff and all employees of Westborough Water District are committed to providing its customers with high quality, cost-effective and environmentally sensitive customer service."

1. To supply clean, wholesome water to the community and provide water for the future.
2. To plan, construct, operate, maintain and upgrade the water system facilities to adequately serve customer needs.
3. To utilize the District's financial resources in an effective, responsible, and prudent manner.
4. To provide quality customer service for District customers.
5. To inform, educate, and communicate with the community on District and water issues.
6. To review and maintain a plan to be proactive in preventative maintenance of the District's water and sewer systems.

All programs and operations of the District are developed and performed to provide the highest level of services to its customers.

Internal Control Structure

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

Budgetary Control

The District Board of Directors adopts an operating and capital budget every year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield.

Water and Sewer Rates and District Revenues

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water and sewer rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge. Sewer rates are based on customer's water consumption during January/February each year.

Water Conservation Programs

The District has implemented conservation management practices. The District distributes materials to encourage water conservation. The District offers the following conservation programs:

1. Free Water Conservation Items
2. Low-Flow Toilet Retrofit Program
3. Hi-Efficiency Washers Program
4. Water Usage Audit Program

Audit and Financial Reporting

State law requires the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of C.J. Brown & Company, CPAs has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District participates in a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). The District participates in the Liability, Property, and Workers' Compensation programs. The Property program includes Fidelity Coverage and Boiler & Machinery Coverage.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors and especially the Finance Committee members for their continued support in planning and implementation of the Westborough Water District's fiscal policies.

Respectfully submitted,



Patricia Mairena
General Manager

Financial Section

Presentation Draft Subject to Board Approval

Presentation Draft Subject to Board Approval

Independent Auditor's Report

Board of Directors
Westborough Water District
South San Francisco, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Westborough Water District (District) for the years ended June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Westborough Water District, as of June 30 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, in June 30, 2022, the District adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 87—Leases*.

As a result, the District has restated its net position to reflect the effects of the change in its accounting policy. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 through 12, and the Required Supplementary Information on pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section on pages 1 through 4, and the supplemental information on pages 52 through 59, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 60 and 61.

C.J. Brown & Company CPAs

Cypress, California

March 9, 2023

Westborough Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Westborough Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2022, the District's net position increased 11.08% or \$1,047,506 to \$10,497,953 as a result of ongoing operations. In fiscal year 2021, the District's net position decreased 2.43% or \$234,870 to \$9,450,447 as a result of ongoing operations.
- Total revenues increased 15.37% or \$1,012,147 to \$7,596,678. In fiscal year 2021, the District's total revenues decreased 6.51% or \$458,560 to \$6,584,531.
- Operating revenues increased 13.29% or \$790,113 to \$6,733,546. In fiscal year 2021, the District's operating revenues decreased 1.88% or \$114,090 to \$5,943,433.
- Non-operating revenues increased 34.63% or \$222,034 to \$863,132. In fiscal year 2021, the District's non-operating revenues decreased 34.95% or \$344,470 to \$641,098.
- Total expenses decreased 3.96% or \$270,229 to \$6,549,172. In fiscal year 2021, the District's total expenses increased 1.84% or \$123,411 to \$6,819,401.
- Operating expenses decreased 4.22% or \$273,148 to \$6,202,273. In fiscal year 2021, the District's operating expenses increased 1.20% or \$76,689 to \$6,475,421.
- The District's non-operating expenses increased by \$27,104 to \$32,848. In fiscal year 2021, the District's non-operating expenses were \$5,744.

Required Financial Statements

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

The District's statements consist of two funds: the Water Fund and the Sewer Fund. The District's records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water and sewer to customers of the District are financed primarily through user charges.

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

Westborough Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that help answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These two statements report the District's *net position* and changes in it. One can think of the District's net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 18 through 47.

Statement of Net Position

Condensed Statements of Net Position

	<u>2022</u>	<u>As Restated 2021</u>	<u>Change</u>	<u>As Restated 2020</u>	<u>Change</u>
Assets:					
Current assets	\$ 5,088,222	4,585,115	503,107	5,586,541	(1,001,426)
Non-current assets	8,182,041	7,927,449	254,592	7,226,444	701,005
Total assets	<u>13,270,263</u>	<u>12,512,564</u>	<u>757,699</u>	<u>12,812,985</u>	<u>(300,421)</u>
Deferred outflows of resources	<u>360,350</u>	<u>347,719</u>	<u>12,631</u>	<u>347,741</u>	<u>(22)</u>
Liabilities:					
Current liabilities	1,835,736	1,752,035	83,701	1,837,685	(85,650)
Non-current liabilities	399,942	1,165,692	(765,750)	1,093,824	71,868
Total liabilities	<u>2,235,678</u>	<u>2,917,727</u>	<u>(682,049)</u>	<u>2,931,509</u>	<u>(13,782)</u>
Deferred inflows of resources	<u>896,982</u>	<u>492,109</u>	<u>404,873</u>	<u>543,900</u>	<u>(51,791)</u>
Net position:					
Net investment in capital assets	7,914,025	7,631,317	282,708	6,904,681	726,636
Restricted for capital projects	124,645	138,843	(14,198)	116,450	22,393
Unrestricted	2,459,283	1,680,287	778,996	2,664,186	(983,899)
Total net position	<u>\$ 10,497,953</u>	<u>9,450,447</u>	<u>1,047,506</u>	<u>9,685,317</u>	<u>(234,870)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,497,953 and \$9,450,447, as of June 30, 2022 and 2021, respectively.

Westborough Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021

Statement of Net Position, (continued)

By far the largest portion of the District's net position (75% and 81% as of June 30, 2022 and 2021, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District had no outstanding long-term debt at June 30, 2022 and 2021. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2022 and 2021, the District showed a positive balance in its unrestricted net position of \$2,459,283 and \$1,680,773, respectively. See Note 10 to the basic financial statements for further information.

Statement of Revenues, Expenses, and Changes in Net Position

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

	2022	As Restated 2021	Change	As Restated 2020	Change
Revenues:					
Operating revenues	\$ 6,733,546	5,943,433	790,113	6,057,523	(114,090)
Non-operating revenues	863,132	641,098	222,034	985,568	(344,470)
Total revenues	<u>7,596,678</u>	<u>6,584,531</u>	<u>1,012,147</u>	<u>7,043,091</u>	<u>(458,560)</u>
Expenses:					
Operating expenses	6,202,273	6,475,421	(273,148)	6,398,732	76,689
Non-operating expenses	32,848	5,744	27,104	-	5,744
Depreciation	314,051	338,236	(24,185)	297,258	40,978
Total expenses	<u>6,549,172</u>	<u>6,819,401</u>	<u>(270,229)</u>	<u>6,695,990</u>	<u>123,411</u>
Changes in net position	1,047,506	(234,870)	1,282,376	347,101	(581,971)
Net position, beginning of year, as restated	<u>9,450,447</u>	<u>9,685,317</u>	<u>(234,870)</u>	<u>9,338,216</u>	<u>347,101</u>
Net position, end of year	<u>\$ 10,497,953</u>	<u>9,450,447</u>	<u>1,047,506</u>	<u>9,685,317</u>	<u>(234,870)</u>

The Statement of Revenues, Expenses, and Changes of Net Position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased 11.08% or \$1,047,506 to \$10,497,953 as a result of ongoing operations. In fiscal year 2021, the District's net position decreased 2.43% or \$234,870 to \$9,450,447 as a result of ongoing operations.

A closer examination of the sources of changes in net position reveal that:

Total revenues increased 15.37% or \$1,012,147 to \$7,596,678. Operating revenues increased 13.29% or \$790,113 to \$6,733,546, due to increases of \$653,202 in water consumption sales, \$128,178 in wastewater service, and \$8,733 in other charges and services. Non-operating revenues increased 34.63% or \$222,034 to \$863,132, due to increases of \$116,069 in pension income due to actuarial determined adjustments, \$67,703 in property taxes, \$28,679 in OPEB income due to actuarial determined adjustments, and \$8,353 in other non-operating revenue as compared to the prior year.

In fiscal year 2021, total revenues decreased 6.51% or \$458,560 to \$6,584,531. Operating revenues decreased 1.88% or \$114,090 to \$5,943,433, due to decreases of \$94,605 in water consumption sales, \$5,662 in wastewater service, and \$13,823 in other charges and services. Non-operating revenues decreased 34.95% or \$344,470 to \$641,098, due to decreases of \$270,442 in other non-operating revenue and \$97,688 in interest and investment earnings, which were offset by an increase of \$25,275 in property taxes as compared to the prior year.

Westborough Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021

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

Total expenses decreased 3.96% or \$270,229 to \$6,549,172. Operating expenses decreased 4.22% or \$273,148 to \$6,202,273, primarily due to decreases of \$429,020 in general and administrative expenses, \$182,243 in water purchases, which were offset by increases of \$210,079 in system maintenance, \$97,263 in treatment and disposal, \$29,884 in vehicles, and \$27,148 in utilities. Non-operating expenses by \$27,104 to \$32,848 primarily due to year-end fair value adjustments on investments as compared to the prior year.

In fiscal year 2021, total expenses increased 1.84% or \$123,411 to \$6,819,401. Operating expenses increased 1.20% or \$76,689 to \$6,475,421, primarily due to increases of \$163,603 in general and administrative expenses, \$65,829 in treatment and disposal, \$45,571 in salaries and benefits, and \$27,850 in employee benefits; which were offset by decreases of \$198,497 in water purchases, \$12,784 in utilities, \$7,948 in vehicles, and \$6,885 in system maintenance. Non-operating expenses increased \$5,744, primarily due to \$4,871 in loss on disposal of capital assets as compared to the prior year.

Capital Asset Administration

Changes in capital asset amounts for 2022 were as follows:

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:				
Non-depreciable assets	\$ 1,035,506	508,067	(33,015)	1,510,558
Depreciable assets	12,838,706	119,560	-	12,958,266
Accumulated depreciation	(6,242,895)	(314,051)	2,147	(6,554,799)
Total capital assets, net	\$ 7,631,317	313,576	(30,868)	7,914,025

Changes in capital asset amounts for 2021 were as follows:

	Balance 2020	Additions	Transfers/ Deletions	Balance 2021
Capital assets:				
Non-depreciable assets	\$ 306,624	845,134	(116,252)	1,035,506
Depreciable assets	13,102,017	455,193	(718,504)	12,838,706
Accumulated depreciation	(6,503,960)	(442,017)	703,082	(6,242,895)
Total capital assets, net	\$ 6,904,681	858,310	(131,674)	7,631,317

At the end of fiscal year 2022 and 2021, the District's investment in capital assets net of accumulated depreciation amounted to \$7,914,025 and \$7,631,317, respectively. These investments in capital assets includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, and vehicles, etc. See Note 6 to the basic financial statements for further information.

Conditions Affecting Current Financial Position

Management is unaware of any other conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future periods.

Westborough Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Patricia Mairena, General Manager of Westborough Water District, 2263 Westborough Blvd., South San Francisco, CA 94080-5406.

Presentation Draft Subject to Board Approval

Basic Financial Statements

Presentation Draft Subject to Board Approval

Westborough Water District
Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,848,291	3,612,781
Cash and cash equivalents – restricted (note 2)	124,455	138,357
Accrued interest receivable	5,543	2,500
Accrued interest receivable – restricted	190	486
Accounts receivable – water sales and services, net (note 3)	723,715	572,390
Accounts receivable – other	-	10,200
Property tax receivable	4,059	4,922
Lease receivable (note 4)	28,116	25,631
Materials and supplies inventory	346,547	210,545
Prepaid expenses and other deposits	7,306	7,303
Total current assets	<u>5,088,222</u>	<u>4,585,115</u>
Non-current assets:		
Lease receivable (note 4)	268,016	296,132
Capital assets – not being depreciated (note 6)	1,510,558	1,035,506
Capital assets – being depreciated, net (note 6)	6,403,467	6,595,811
Total non-current assets	<u>8,182,041</u>	<u>7,927,449</u>
Total assets	<u>13,270,263</u>	<u>12,512,564</u>
Deferred outflows of resources:		
Deferred other post-employment benefit outflows (note 8)	127,991	93,166
Deferred pension outflows (note 9)	232,359	254,553
Total deferred outflows of resources	<u>\$ 360,350</u>	<u>347,719</u>

Continued on next page

See accompanying notes to the basic financial statements

Westborough Water District
Statements of Net Position, (continued)
June 30, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 232,800	200,173
Accrued sewer service charge	1,218,222	1,167,541
Deposits	359,112	356,172
Unearned revenue	12,928	11,443
Long-term liabilities – due within one year:		
Compensated absences (note 7)	12,674	16,706
Total current liabilities	<u>1,835,736</u>	<u>1,752,035</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	38,020	50,119
Net other post-employment benefit liability (note 8)	82,674	310,131
Net pension liability (note 9)	279,248	805,442
Total non-current liabilities	<u>399,942</u>	<u>1,165,692</u>
Total liabilities	<u>2,235,678</u>	<u>2,917,727</u>
Deferred inflows of resources:		
Deferred lease inflows (note 4)	267,259	300,666
Deferred other post-employment benefit inflows (note 8)	323,286	125,990
Deferred pension inflows (note 9)	306,437	65,453
Total deferred inflows of resources	<u>896,982</u>	<u>492,109</u>
Net position:		
Net investment in capital assets	7,914,025	7,631,317
Restricted (note 10)	124,645	138,843
Unrestricted (note 10)	2,459,283	1,680,287
Total net position	<u>\$ 10,497,953</u>	<u>9,450,447</u>

See accompanying notes to the basic financial statements

Westborough Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	As Restated 2021
Operating revenues:		
Water consumption sales	\$ 3,620,708	2,967,506
Wastewater service	3,099,878	2,971,700
Other charges and services	12,960	4,227
Total operating revenues	6,733,546	5,943,433
Operating expenses:		
Salaries and benefits	380,820	384,302
Employee benefits	118,804	135,971
Payroll taxes	28,653	27,663
Water purchases	1,536,804	1,719,047
Utilities	243,270	216,122
System maintenance	285,583	75,504
Supplies and small tools	11,862	14,504
Special services	49,868	55,257
Technical communications	8,020	6,589
Vehicles	45,387	15,503
Treatment and disposal	2,469,527	2,372,264
General and administrative	1,023,675	1,452,695
Total operating expenses	6,202,273	6,475,421
Operating income (loss) before depreciation	531,273	(531,988)
Depreciation	(314,051)	(338,236)
Operating income (loss)	217,222	(870,224)
Non-operating revenues, net:		
Property taxes	624,157	556,454
OPEB income – GASB 75 (note 7)	28,679	-
Pension income – GASB 68 (note 8)	116,069	-
Investment earnings, net of fair value	(32,848)	(873)
Interest on rental income	8,837	9,537
Rental revenue	33,407	33,408
Gain (loss) on disposal of capital assets	1,931	(4,871)
Other non-operating revenue	50,052	41,699
Total non-operating revenues, net	830,284	635,354
Changes in net position	1,047,506	(234,870)
Net position, beginning of year, as restated (note 11)	9,450,447	9,685,317
Net position, end of year	\$ 10,497,953	9,450,447

See accompanying notes to the basic financial statements

Westborough Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Cash flows from operating activities:		
Cash receipts from customers for sales and services	\$ 6,812,852	6,034,147
Cash paid to vendors and suppliers for materials and services	(5,754,286)	(5,451,054)
Cash paid to employees for salaries and wages	(839,529)	(1,020,147)
Net cash provided by (used in) operating activities	<u>219,037</u>	<u>(437,054)</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	624,157	556,454
Net cash provided by non-capital financing activities	<u>624,157</u>	<u>556,454</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(594,828)	(1,069,743)
Net cash used in capital and related financing activities	<u>(594,828)</u>	<u>(1,069,743)</u>
Cash flows from investing activities:		
Interest and investment earnings	(26,758)	20,345
Net cash (used in) provided by investing activities	<u>(26,758)</u>	<u>20,345</u>
Net increase (decrease) in cash and cash equivalents	221,608	(929,998)
Cash and cash equivalents, beginning of year	<u>3,751,138</u>	<u>4,681,136</u>
Cash and cash equivalents, end of year	<u>\$ 3,972,746</u>	<u>3,751,138</u>
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 3,848,291	3,612,781
Cash and cash equivalents – restricted	124,455	138,357
Total cash and cash equivalents	<u>\$ 3,972,746</u>	<u>3,751,138</u>

Continued on next page

See accompanying notes to the basic financial statements

Westborough Water District
Statements of Cash Flows, (continued)
For the Fiscals Year Ended June 30, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 217,222	(870,224)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	314,051	338,236
OPEB income – GASB 75	28,679	-
Pension income – GASB 68	116,069	-
Rental income	33,407	33,408
Other non-operating, net	50,052	41,699
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable – sales and services, net	(151,325)	35,548
Accounts receivable – other	10,200	(10,200)
Property tax receivable	863	7,789
Lease receivable	25,631	23,667
Materials and supplies inventory	(136,002)	28,314
Prepaid expenses and other deposits	(3)	260
Deferred other post-employment benefit outflows	(34,825)	22,609
Deferred pension outflows	22,194	(22,587)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	83,308	(88,419)
Deposits	2,940	11,653
Unearned revenue	1,485	(7,086)
Compensated absences	(16,131)	(7,190)
Net other post-employment benefit liability	(227,457)	(11,030)
Net pension liability	(526,194)	88,290
Deferred lease inflows	(33,407)	(33,408)
Deferred other post-employment benefit inflows	197,296	(20,999)
Deferred pension inflows	240,984	2,616
Total adjustments	<u>1,815</u>	<u>433,170</u>
Net cash provided by (used in) operating activities	\$ <u>219,037</u>	<u>(437,054)</u>
Non-cash investing, capital, and financing transactions:		
Change in fair-market value of funds deposited with LAIF	\$ <u>(39,887)</u>	<u>(1,481)</u>

See accompanying notes to the basic financial statements

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Westborough Water District (District) is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has been providing water and sewer services to the residents of the South San Francisco area since 1961. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

Basis of Accounting and Measurement Focus

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

Operating revenues and expenses, such as water sales and sewer services, as well as water purchases and sewer treatment, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The District recognizes revenue from water and sewer service charges based on cycle billings performed bi-monthly. The District accrues revenues with respect to water and sewer service sold but not billed at the end of a fiscal period.

Financial Reporting

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

The District has adopted the following GASB pronouncements in the current year:

In June 2017, the 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 requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies, (continued)

Financial Reporting, continued

G In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In October 2021, the 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 Annual Comprehensive Financial Report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for Annual Comprehensive Financial Report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period.

Cash and Cash Equivalents

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

Investments and Investment Policy

The District has adopted an investment policy directing the General Manager to deposit funds in financial institutions. 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.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies, (continued)

Restricted Assets

Certain assets of the District are restricted for use by ordinance and, accordingly, are shown as restricted assets on the accompanying statements of net position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

Property Taxes and Assessments

The County of San Mateo Assessor's Office assesses all real and personal property within the County each year. The County of San Mateo Tax Collector's Offices bills and collects the District's share of property taxes and assessments. The County of San Mateo Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

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

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

Lease Receivable

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

Prepaids

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

Inventory

Inventory consists primarily of materials used in construction and maintenance of the water and sewer systems and is stated at cost using the average-cost method.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$500. Contributed assets are recorded at estimated fair market value at the date of contribution. 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.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies, (continued)

Capital Assets, continued

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

Sewer facilities	40 to 50 years
Water facilities	50 years
Buildings	5 to 10 years
Joint-use-facilities	50 years
Meters	5 to 15 years
Office equipment	5 to 15 years
Maintenance facilities	30 to 40 years

Deferred Outflows of Resources

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time.

The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to employer contributions made after the measurement date of the net other post-employment benefit liability. This amount will be amortized-in-full against the net other post-employment benefit liability in the next fiscal year.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits through the Plan.

Pensions

- Deferred outflow which is equal to employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the Plan.
- Deferred outflow for the net change in proportion of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the Plan.

Compensated Absences

The District's policy is to permit employees to accumulate earned vacation and sick leave according to the number of years of service with the District. The liability for vested vacation and sick leave is recorded as an expense when earned.

Upon separation from the District as a result of retirement, disability, or death, permanent employees are entitled to receive compensation at their current base salary for all unused vacation and sick leave, up to a maximum of 120 days. Sick leave is not paid for those circumstances where an employee has not completed the probationary period or are separated from the District upon termination.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies, (continued)

Compensated Absences, continued

As of June 30, 2022, the vacation accrual schedule is as follows:

<u>Years of service completed</u>	<u>Days of vacation earned annually</u>
1 to 4	10 (two weeks)
5 to 9	15 (three weeks)
10 to 14	20 (four weeks)
15 to 19	25 (five weeks)
20 to 24	30 (six weeks)

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation dates: June 30, 2021 and 2019
- Measurement dates: June 30, 2021 and 2020
- Measurement periods: July 1, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020

Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation dates: June 30, 2020 and June 30, 2019
- Measurement dates: June 30, 2021 and June 30, 2020
- Measurement periods: July 1, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020

Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies, (continued)

Deferred Inflows of Resources, continued

The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits through the Plan.
- Deferred inflow for the net difference between projected and actual earnings on investments of the plan's fiduciary net position. This amount is amortized over a 5 year period.

Pensions

- Deferred inflow for the net difference between projected and actual earnings on investments of the pension plan's fiduciary net position. This amount is amortized over a 5 year period.
- Deferred inflow for the net difference between the actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the Plan.

Deposit Connection Fees

Connection fees are collected by the District to cover the cost of service connections within the District. Funds in excess of connection costs are refunded to the customer.

Water and Sewer Sales

The District recognizes water and sewer service charges based on cycle billings rendered to customers each month.

Capital Contributions

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

Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of the net investment in capital assets or restricted component of net position.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies, (continued)

Budgetary Policies

The District adopts a one year non-appropriated 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.

Note 2 – Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,848,291	3,612,781
Cash and cash equivalents – restricted	124,455	138,357
Total cash and cash equivalents	<u>\$ 3,972,746</u>	<u>3,751,138</u>

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

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 600	600
Deposits with financial institutions	771,110	540,675
Deposits held with California Local Agency Investment Fund (LAIF)	3,201,036	3,209,863
Total cash and investments	<u>\$ 3,972,746</u>	<u>3,751,138</u>

As of June 30, the District's authorized deposits had the following maturities:

	<u>2022</u>	<u>2021</u>
Deposits held with California Local Agency Investment Fund (LAIF)	311 days	291 days

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 2 – Cash and Investments, continued

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Interest Rate Risk

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Note 3 – Accounts Receivable – Water Sales and Services, Net

The balance at June 30 consists of the following:

	<u>2022</u>	<u>2021</u>
Accounts receivable – water sales and services	\$ 723,742	572,737
Allowance for uncollectible accounts	<u>(27)</u>	<u>(347)</u>
Accounts receivable – water sales, net	\$ <u>723,715</u>	<u>572,390</u>

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 4 – Lease Receivable

Changes in lease receivable for the year ended June 30, were as follows:

	<u>Restated 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Lease receivable:							
Crown Castle	\$ 321,763	-	(25,631)	296,132	28,116	268,016	\$ (267,259)
Total lease receivable	<u>321,763</u>	<u>-</u>	<u>(25,631)</u>	<u>296,132</u>	<u>28,116</u>	<u>268,016</u>	<u>(267,259)</u>

Changes in lease receivable for the year ended June 30, were as follows:

	<u>Restated 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Restated 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Lease receivable:							
Crown Castle	\$ 345,430	-	(23,667)	321,763	25,631	296,132	\$ (300,666)
Total lease receivable	<u>345,430</u>	<u>-</u>	<u>(23,667)</u>	<u>321,763</u>	<u>25,631</u>	<u>296,132</u>	<u>(300,666)</u>

Crown Castle

On July 1, 1995, the District entered into a lease agreement with AT&T Wireless. On March 28, 2014, AT&T transferred ownership to its subsidiary Crown Castle ATT, LLC (Crown Castle). Crown Castle has agreed to pay the District for purpose of leasing communication tower space at its Skyline Boulevard site. The terms of the agreement require Crown Castle to pay the District in monthly installments through June 2030 and is adjusted annually by a rate of 3.00% and 7.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 2.85%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022 and 2021, deferred inflows were reported at \$267,259 and \$300,666, respectively.

Future payments to be received and deferred inflows as of June 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2023	\$ 28,116	8,074	36,190	\$ (33,407)
2024	30,395	7,244	37,639	(33,408)
2025	32,798	6,346	39,144	(33,407)
2026	35,331	5,378	40,709	(33,408)
2027	38,001	4,337	42,338	(33,407)
2028 - 2030	<u>131,491</u>	<u>5,959</u>	<u>137,450</u>	<u>(100,222)</u>
Total	296,132	<u>37,338</u>	<u>333,470</u>	\$ <u>(267,259)</u>
Current	<u>(28,116)</u>			
Non-current	\$ <u>268,016</u>			

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 5 – Internal Balances – Due To/From Funds

Internal balances at June 30 consists of the following:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advance	Sewer	Water	\$ 574,304

During fiscal year 2022, the District's Sewer fund advanced the Water fund for the purpose of funding current year operations. The District expects the Water fund to repay the advance to the Sewer fund through the collection of water revenues in the next fiscal year. As of June 30, 2021, internal balances amounted to \$290,691.

Please see the Combining Schedule of Net Position on pages 52 and 53.

Note 6 – Capital Assets

Changes in capital assets for 2022 were as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Land	\$ 182,632	-	-	182,632
Construction in progress	852,874	508,067	(33,015)	1,327,926
Total non-depreciable assets	1,035,506	508,067	(33,015)	1,510,558
Depreciable assets:				
Buildings	1,492,697	1,132	-	1,493,829
Water facilities	6,672,148	6,741	-	6,678,889
Sewer facilities	3,348,512	19,344	-	3,367,856
Joint use facilities	94,907	-	-	94,907
Maintenance facilities	478,624	-	-	478,624
Water meters	595,290	92,343	-	687,633
Furniture and equipment	156,528	-	-	156,528
Total depreciable assets	12,838,706	119,560	-	12,958,266
Accumulated depreciation:				
Buildings	(649,234)	(39,374)	-	(688,608)
Water facilities	(3,090,165)	(126,707)	-	(3,216,872)
Sewer facilities	(1,639,566)	(94,378)	-	(1,733,944)
Joint use facilities	(79,298)	(804)	-	(80,102)
Maintenance facilities	(432,575)	(13,029)	2,147	(443,457)
Water meters	(265,147)	(27,396)	-	(292,543)
Furniture and equipment	(86,910)	(12,363)	-	(99,273)
Total accumulated depreciation	(6,242,895)	(314,051)	2,147	(6,554,799)
Total depreciable assets, net	6,595,811	(194,491)	2,147	6,403,467
Total capital assets, net	\$ 7,631,317	313,576	(30,868)	7,914,025

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 6 – Capital Assets, (continued)

Major changes to capital assets consisted primarily of additions of \$508,067 in construction in progress, \$92,343 in additions to water meters, \$19,344 in upgrades to sewer facilities, and \$6,741 in upgrades to water facilities. There were no deletions. An adjustment of \$2,146, was required to correct maintenance facilities depreciation. Construction in progress transfers included \$18,458 to sewer facilities and \$14,557 was determined to be non-capitalizable and expensed.

Changes in capital assets for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land	\$ 182,632	-	-	182,632
Construction in progress	123,992	845,134	(116,252)	852,874
Total non-depreciable assets	<u>306,624</u>	<u>845,134</u>	<u>(116,252)</u>	<u>1,035,506</u>
Depreciable assets:				
Buildings	1,520,251	11,495	(39,049)	1,492,697
Water facilities	6,737,791	7,070	(72,713)	6,672,148
Sewer facilities	3,409,679	25,597	(86,764)	3,348,512
Joint use facilities	133,942	-	(39,035)	94,907
Maintenance facilities	428,291	145,489	(95,156)	478,624
Water meters	609,929	245,528	(260,167)	595,290
Furniture and equipment	262,134	20,014	(125,620)	156,528
Total depreciable assets	<u>13,102,017</u>	<u>455,193</u>	<u>(718,504)</u>	<u>12,838,706</u>
Accumulated depreciation:				
Buildings	(647,075)	(41,208)	39,049	(649,234)
Water facilities	(3,032,946)	(129,932)	72,713	(3,090,165)
Sewer facilities	(1,630,007)	(96,323)	86,764	(1,639,566)
Joint use facilities	(117,049)	(1,284)	39,035	(79,298)
Maintenance facilities	(384,871)	(127,438)	79,734	(432,575)
Water meters	(502,025)	(23,289)	260,167	(265,147)
Furniture and equipment	(189,987)	(22,543)	125,620	(86,910)
Total accumulated depreciation	<u>(6,503,960)</u>	<u>(442,017)</u>	<u>703,082</u>	<u>(6,242,895)</u>
Total depreciable assets, net	<u>6,598,057</u>	<u>13,176</u>	<u>(15,422)</u>	<u>6,595,811</u>
Total capital assets, net	<u>\$ 6,904,681</u>	<u>858,310</u>	<u>(131,674)</u>	<u>7,631,317</u>

Major changes to capital assets consisted primarily of additions of \$845,134 in construction in progress, \$245,528 in additions to water meters, \$41,708 in upgrades to maintenance facilities, \$103,781 in assets added back which were incorrectly disposed to depreciable assets and accumulated depreciation for maintenance facilities, \$25,597 in upgrades to sewer facilities, and \$20,014 in upgrades to furniture and equipment. Major deletions occurred across all categories in the amount \$718,504, primarily for the purpose of removing impaired assets from the District's books. The District transferred \$116,252 from construction in progress to depreciable assets.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 7 – Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which are accrued as earned. The District's liability for compensated absences is determined annually.

The change to compensated absences balances at June 30, 2022 was as follows:

<u>Balance</u> <u>2021</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 66,825	71,155	(87,286)	50,694	12,674	38,020

The change to compensated absences balances at June 30, 2021 was as follows:

<u>Balance</u> <u>2020</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 74,015	77,206	(84,396)	66,825	16,706	50,119

Note 8 – Other Post-Employment Benefits (OPEB) Plan

Plan Description

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. The Plan is a single employer defined benefit OPEB plan administered by the District. The District participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814. The reporting requirements for these benefit programs as they pertain to the District are set forth below.

Benefits Provided

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are eligible to receive benefits. Retirees may enroll in any plan available through the District's medical program. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

The following requirements must be satisfied in order to be eligible for post-employment medical benefits:

- Employees hired before May 1, 2011, who retire from the District after attainment of age 55 and with 15 years of service.
- Employees hired on or after January 1, 2013, who retire from the District after attainment of age 60 and with 15 years of service.

Employees Covered by Benefit Terms

At June 30, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Active plan members	7	6
Total Plan membership	7	6

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 8 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution.

As of the fiscal years ended June 30, the contributions were as follows:

	<u>2022</u>	<u>2021</u>
Contributions – employer	\$ 60,459	41,088

As of June 30 2022 and 2021, employer OPEB contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$60,459 and \$41,088 will be/were recognized as a reduction of the net OPEB liability for the fiscal years ended June 30, 2023 and 2022, respectively.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability were determined by actuarial valuation dates as of June 30, 2021 and 2019, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

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

Inflation	2022 – 2.50 percent 2021 – 2.75 percent
Salary increases	2022 – 2.75 percent, average, including inflation 2021 – 3.00 percent, average, including inflation
Discount rate	2022 – 6.25 percent 2021 – 6.75 percent
Healthcare cost trend rates	Non-Medicare – 6.50 percent for 2023, decreasing to an ultimate rate of 3.75 percent in 2076 Medicare (Kaiser) – 4.60 percent for 2023, decreasing to an ultimate rate of 3.75 percent in 2076 Medicare (UHC) – 5.65 percent for 2023, decreasing to an ultimate rate of 3.75 percent in 2076
Retirees' share of benefit-related costs	100 percent of the District's share of projected health insurance premiums for retirees age 55 with a minimum 15 years of service hired before January 1, 2013. 100 percent of the District's share of projected health insurance premiums for retirees age 65 with a minimum 15 years of service hired on or after January 1, 2013.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 8 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Actuarial Assumptions, continued

The actuarial assumptions used in the June 30, 2021 and 2019 valuations were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The asset class percentages were taken from the current composition of the CERBT trust, and the expected yields were taken from a CalPERS publication for the Pension Fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 and 2021, are summarized in the following table:

Asset Class	Target Allocation* CERB-Strategy 1	Expected Real Return**
Global equity	59.0%	4.82%
Fixed income	25.0%	1.47%
Treasury inflation-protected securities	5.0%	1.29%
Commodities	3.0%	0.84%
Real estate trusts	8.0%	3.76%
Total	100%	

* Policy target effective October 1, 2018

** Assumed long-term rate of inflation - 2.75%

** Expected long-term net rate of return, rounded - 6.75%

Discount Rate

As of June 30, 2022 and 2021, the discount rate used to measure the net OPEB liability was 6.25% and 6.75%, respectively. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the retirees' benefits. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 8 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Changes in the Net OPEB Liability

Changes in the net OPEB liability as of June 30, 2022 (measured at June 30, 2021) were as follows:

	June 30, 2022			June 30, 2021
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Net OPEB Liability
Balance at beginning of year	\$ 835,230	525,099	310,131	321,161
Changes for the year:				
Service cost	19,217	-	19,217	18,969
Interest	57,675	-	57,675	53,738
Difference between expected and actual experience	(161,612)	-	(161,612)	-
Change in assumptions	42,515	-	42,515	(14,635)
Employer contributions	-	41,088	(41,088)	(53,336)
Net investment income	-	144,363	(144,363)	(15,990)
Administrative expenses	-	(199)	199	224
Net change	(42,205)	185,252	(227,457)	(11,030)
Balance at end of year	\$ 793,025	710,351	82,674	310,131

Change of Benefit Terms

There were no changes in benefit terms.

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

The following tables present the District's net OPEB liability calculated using the discount rate, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

At June 30, 2022, the discount rate comparison are the following:

	Discount Rate - 1%	Current Discount Rate 6.25%	Discount Rate + 1%
Net OPEB liability \$	178,085	82,674	3,216

At June 30, 2021, the discount rate comparison are the following:

	Discount Rate - 1%	Current Discount Rate 6.75%	Discount Rate + 1%
Net OPEB liability \$	413,765	310,131	223,142

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 8 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net 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:

At June 30, 2022, the healthcare cost trend rate comparison was the following:

		Healthcare Cost Trend Rates	
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 3,453	82,674	174,032

At June 30, 2021, the healthcare cost trend rate comparison was the following:

		Healthcare Cost Trend Rates	
	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 234,742	310,131	385,792

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

For the fiscal years ended June 30, 2022 and 2021, the District recognized OPEB income and expense of \$28,679 and \$31,668, respectively.

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

	June 30, 2022		June 30, 2021	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to measurement date	\$ 60,459	-	41,088	-
Changes in assumptions	67,532	-	36,389	-
Differences between expected and actual experience	-	(247,590)	-	(125,990)
Net differences between expected and actual return on investments	-	(75,696)	15,689	-
Total	\$ 127,991	(323,286)	93,166	(125,990)

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 8 – Other Post-Employment Benefits (OPEB) Plan, (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

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

Fiscal Year Ending June 30:	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ (45,765)
2024	(46,618)
2025	(47,447)
2026	(50,426)
2027	(28,635)
Thereafter	(36,863)

OPEB Plan Fiduciary Net Position

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

See pages 48 and 49 for the Required Supplementary Information.

Note 9 – Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 9 – Defined Benefit Pension Plan, (continued)

Benefits Provided, continued

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plan's provision and benefits in effect at June 30, 2022 and 2021, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
2022:		
Required employee contribution rates	6.910%	6.750%
Required employer contribution rates	10.340%	7.470%
2021:		
Required employee contribution rates	6.908%	6.750%
Required employer contribution rates	10.484%	7.732%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal years ended June 30, the contributions for the Plan were as follows:

	Miscellaneous Plan	
	2022	2021
District paid contributions:		
Employer	\$ 123,498	130,284
Employee (paid by employer)	4,611	6,273
Total District paid contributions	\$ 128,109	136,557

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 9 – Defined Benefit Pension Plan, (continued)

Net Pension Liability

As of the fiscal years ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability	
	2022	2021
Miscellaneous Plan	\$ 279,248	805,442

The District's net pension liability for the PERF C is measured as the proportionate share of the net pension liability for the miscellaneous pool. As of June 30, 2022 and 2021, the net pension liability of the Plan is measured as of June 30, 2021 and 2020 (the measurement dates), respectively. The total pension liability for the PERF C's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and 2019 (valuation dates), rolled forward to June 30, 2021 and 2020, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the net pension liability as of the fiscal years ended June 30, were as follows:

	Miscellaneous Plan	
	2022	2021
Proportion – beginning of year	0.00740%	0.00700%
Proportion – end of year	0.00516%	0.00740%
Change – Increase (Decrease)	-0.00224%	0.00040%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2022 and 2021, the District recognized pension income and expense of \$116,069 and \$198,603, respectively.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 9 – Defined Benefit Pension Plan, (continued)

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 123,498	-	130,284	-
Differences between actual and expected experience	31,316	-	41,507	-
Change in assumptions	-	-	-	(5,745)
Net difference between projected and actual earnings on plan investments	-	(243,777)	23,927	-
Differences between actual contribution and proportionate share of contribution	-	(62,660)	-	(59,708)
Net adjustment due to differences in proportions of net pension liability	77,545	-	58,835	-
Total	\$ 232,359	(306,437)	254,553	(65,453)

As of June 30 2022 and 2021, the District reported \$123,498 and \$130,284, respectively, as deferred outflows of resources related to contributions subsequent to the measurement dates. Pension contributions subsequent to the measurement date for the year ended June 30, 2022, will be recognized as a reduction of the net pension liability for the year ended June 30, 2023. Pension contributions subsequent to the measurement date for the year ended June 30, 2021, were recognized as a reduction of the net pension liability for the year ended June 30, 2022.

At June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (37,079)
2024	(41,659)
2025	(49,900)
2026	(68,938)

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 9 – Defined Benefit Pension Plan, (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 and 2019, actuarial valuation reports were determined using the following actuarial assumptions:

Valuation dates	June 30, 2020 and 2019
Measurement dates	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.50 % Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' membership data for all funds
Period upon which actuarial Experience Survey assumption were based	2021 and 2020 – 1997-2015
Post retirement benefit	2021 and 2020 – Contract COLA up to 2.50% until Purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

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

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 9 – Defined Benefit Pension Plan, (continued)

Discount Rate, continued

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

The table below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2022 and 2021, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

* An expected inflation of 2.00% used for this period

** An expected inflation of 2.92% used for this period

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

The following tables present the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

At June 30, 2022, the discount rate comparison was the following:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ 902,649	279,248	(236,108)

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 9 – Defined Benefit Pension Plan, (continued)

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate, continued

At June 30, 2021, the discount rate comparison was the following:

	Discount Rate - 1% 6.15%	Prior Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ 1,377,498	805,442	332,771

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 50 and 51 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2022 and 2021, the District reported no payables for the outstanding amount of contribution to the pension plan.

Note 10 – Net Position

Restricted net position is comprised of the following:

	2022	As Restated 2021
Restricted net position:		
Cash and cash equivalents – restricted	\$ 124,455	138,357
Accrued interest receivable – restricted	190	486
Total restricted net position	\$ 124,645	138,843

Unrestricted net position is comprised of the following:

	2022	As Restated 2021
Non-spendable net position:		
Materials and supplies inventory	\$ 346,547	210,545
Prepaid expenses	7,306	7,303
Total non-spendable net position	353,853	217,848
Spendable net position are designated as follows:		
Unrestricted (reserved for operations)	2,105,430	1,462,439
Total spendable net position	2,105,430	1,462,439
Total unrestricted net position	\$ 2,459,283	1,680,287

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 11 – Adjustments to Net Position

In fiscal year 2022, the District implemented GASB Statement No. 87 to recognize its lessor agreement. The nature, justification, and an explanation of the change are included in Note 1.

As a result of the implementation for the District's lessor agreement, the District recorded a lease receivable, a deferred lease inflow of resources, reclassified a portion of its rental income to interest income, and has recorded prior period adjustments to restate net position as of June 30, 2020 and 2021. Please see Note 4 for further information.

The adjustments to net position were as follows:

Net position at July 1, 2019, as previously stated	\$ 9,338,216
Effect of the adjustments to record lessor lease receivable, deferred lease lease inflows, and interest income as a result of GASB 87	11,356
Change in net position at June 30, 2020, as previously stated	335,745
Net position at June 30, 2020, as restated	\$ 9,685,317
Effect of the adjustments to record adjustments to lessor lease receivable, deferred lease inflows, and interest income as a result of GASB 87	9,741
Change in net position at June 30, 2021, as previously stated	(244,611)
Net position at June 30, 2021, as restated	\$ 9,450,447

Note 12 – Risk Management

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

At June 30, 2022, the District participates in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$55 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the coverage above, the District also has the following insurance coverage:

- Crime coverage up to \$100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer, and funds transfer fraud coverage's, subject to \$1,000 deductible per loss.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 12 – Risk Management, (continued)

- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. The ACWA/JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage for scheduled values up to a combined total of \$500 million per loss. The District's deductible for scheduled value is \$2,500 per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to \$1,000 deductible per loss. The property Program includes Earthquake with aggregate limit of \$2,500,000, and is subject to minimum \$75,000 deductible, Flood Coverage with aggregate limit of \$25,000,000 and subject to a \$100,000 deductible.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Cyber Liability: including Cyber Security up to \$3,000,000 per occurrence and \$5,000,000 Aggregate Limit. Cyber Liability deductible varies from \$10,000 to \$50,000 depending on District Total Insured Values.
- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law; a pooled self-insured limit of \$2,000,000 and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended June 30, 2022, 2021, and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021, and 2020.

Note 13 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022, that has effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 13 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 91, (continued)

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 13 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 93, (continued)

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 13 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 13 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary 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 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

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. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the 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.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Westborough Water District
Notes to the Basic Financial Statements, (continued)
For the Fiscal Years Ended June 30, 2022 and 2021

Note 14 – Commitments and Contingencies

Litigation

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

Note 15 – Subsequent Events

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of March 9, 2023, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Presentation Draft Subject to Board Approval

Required Supplementary Information

Presentation Draft Subject to Board Approval

Presentation Draft Subject to Board Approval

Westborough Water District
Schedules of Changes in the Net OPEB Liability and Related Ratios
As of June 30, 2022
Last Ten Years*

Fiscal year ending	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability					
Service cost	\$ 19,217	18,969	17,393	23,118	22,390
Interest	57,675	53,738	57,894	57,894	52,467
Differences in expected and actual experience	(161,612)	-	(167,988)	-	-
Changes in assumptions	42,515	(14,635)	65,593	-	-
Actuary valuation adjustment	-	-	(75,287)	-	-
Net change in total OPEB liability	(42,205)	58,072	(102,395)	81,012	74,857
Total OPEB liability – beginning	835,230	777,158	879,553	798,541	723,684
Total OPEB liability – ending	\$ 793,025	835,230	777,158	879,553	798,541
Plan fiduciary net position					
Contributions employer	\$ 41,088	53,336	51,657	51,657	50,031
Net investment income	144,363	15,990	23,513	23,695	24,637
Trustee fees	-	-	-	(137)	(116)
Administrative expense	(199)	(224)	(82)	(188)	(160)
Actuary valuation adjustment	-	-	(75,287)	-	-
Net change in plan fiduciary net position	185,252	69,102	(199)	75,027	74,392
Plan fiduciary net position – beginning	525,099	455,997	456,196	381,169	306,777
Plan fiduciary net position – ending	\$ 710,351	525,099	455,997	456,196	381,169
Net OPEB liability – ending	\$ 82,674	310,131	321,161	423,357	417,372
Covered payroll	\$ 684,359	736,560	758,050	758,050	478,714
Net OPEB liability as a percentage of covered payroll	12.08%	42.11%	42.37%	55.85%	87.19%

Notes to Schedule

Valuation dates	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
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Methods and assumptions used to determine contribution rates:

Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value
Inflation	2.50%	2.75%	2.75%	3.00%	3.00%
Salary increases	2.75%	3.00%	3.00%	3.25%	3.25%
Investment rate of return	6.25%	6.75%	6.75%	7.25%	7.25%
Mortality, retirement, disability					
Termination	(4)	(3)	(3)	(2)	(2)
Other information	(6)	(5)	(5)	N/A	N/A

(1) Level percentage of payroll, closed

(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post-retirement mortality rates based on RP-2014 Health Annuitant Mortality Table

(3) CalPERS 1997-2015 Experience Study

(4) CalPERS 2000-2019 Experience Study

(5) Mortality projected fully generational with Scale MP-2019

(6) Mortality projected fully generational with Scale MP-2021

Westborough Water District
Schedules of OPEB Plan Contributions
As of June 30, 2022
Last Ten Years*

Fiscal year ending	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 60,459	41,088	53,336	51,657	50,031
Contributions in relation to the actuarially determined contribution	<u>(60,459)</u>	<u>(41,088)</u>	<u>(53,336)</u>	<u>(51,657)</u>	<u>(50,031)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered payroll	\$ 684,359	736,560	758,050	758,050	478,714
Contribution's as a percentage of covered payroll	<u>8.83%</u>	<u>5.58%</u>	<u>7.04%</u>	<u>6.81%</u>	<u>10.45%</u>

*The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Westborough Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last Ten Years*

Measurement dates	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.00516%	0.00740%	0.00700%	0.00659%	0.00659%	0.00622%	0.00560%	0.00596%
District's proportionate share of the net pension liability	\$ 279,248	805,442	717,152	634,828	653,647	538,400	384,145	370,615
District's covered payroll	\$ 761,676	666,767	646,536	616,165	585,652	564,574	546,648	518,567
District's proportionate share of the net pension liability as a percentage of its covered payroll	36.66%	120.80%	110.92%	103.03%	111.61%	95.36%	70.27%	71.47%
District's fiduciary net position as a percentage of the District's total pension liability	94.09%	81.26%	81.20%	81.79%	79.00%	79.63%	84.06%	83.03%

Notes to schedule:

Benefits changes:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that long-term expected rate of return should be determined net of pension plan investment expense but without reduction of pension plan administrative expense.

The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

There were no changes in assumptions.

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

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

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

The inflation rate was reduced from 2.75% to 2.50%.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Westborough Water District
Schedules of Pension Plan Contributions
As of June 30, 2022
Last Ten Years*

Fiscal year ending	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 133,340	120,567	104,440	87,578	74,208	67,046	59,092	55,655
Contributions in relation to the actuarially determined contribution	(133,340)	(120,567)	(104,440)	(87,578)	(74,208)	(67,046)	(59,092)	(55,655)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
Covered payroll	\$ 941,063	761,676	666,767	646,536	616,165	585,652	564,574	546,648
Contribution's as a percentage of covered payroll	14.17%	15.83%	15.66%	13.55%	12.04%	11.45%	10.47%	10.18%

Notes to schedule:

Valuation dates	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	15 year Smoothed Market Method
Inflation	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.150% (3)	7.000% (3)	7.250% (3)	7.375% (3)	7.500% (3)	7.500% (3)	7.500% (3)	7.500% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

(3) Net of pension plan investment expense, including inflation'

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

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

* The District has presented information for those year for which information is available until a full 10-year trend is compiled.

Supplemental Information

Presentation Draft Subject to Board Approval

Presentation Draft Subject to Board Approval

Westborough Water District
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	\$ -	3,848,291	3,848,291
Cash and cash equivalents – restricted	-	124,455	124,455
Accrued interest receivable	-	5,543	5,543
Accrued interest receivable – restricted	-	190	190
Accounts receivable – water sales and services, net	656,494	67,221	723,715
Accounts receivable – other	-	-	-
Property tax receivable	4,059	-	4,059
Lease receivable	28,116	-	28,116
Materials and supplies inventory	346,547	-	346,547
Due from water fund (note 5)	-	574,304	574,304
Prepaid expenses and other deposits	7,306	-	7,306
Total current assets	1,042,522	4,620,004	5,662,526
Non-current assets:			
Lease receivable	268,016	-	268,016
Capital assets – not being depreciated	1,510,558	-	1,510,558
Capital assets – being depreciated, net	4,769,555	1,633,912	6,403,467
Total non-current assets	6,548,129	1,633,912	8,182,041
Total assets	7,590,651	6,253,916	13,844,567
Deferred outflows of resources:			
Deferred OPEB outflows	127,991	-	127,991
Deferred pension outflows	232,359	-	232,359
Total deferred outflows of resources	360,350	-	360,350
Current liabilities:			
Accounts payable and accrued expenses	232,800	-	232,800
Accrued sewer service charge	-	1,218,222	1,218,222
Deposits	359,112	-	359,112
Unearned revenue	12,928	-	12,928
Due to sewer fund (note 5)	574,304	-	574,304
Long-term liabilities – due within one year:			
Compensated absences	12,674	-	12,674
Total current liabilities	1,191,818	1,218,222	2,410,040
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	38,020	-	38,020
Net OPEB liability	82,674	-	82,674
Net pension liability	279,248	-	279,248
Total non-current liabilities	399,942	-	399,942
Total liabilities	1,591,760	1,218,222	2,809,982
Deferred inflows of resources:			
Deferred lease inflows	267,259	-	267,259
Deferred OPEB inflows	323,286	-	323,286
Deferred pension inflows	306,437	-	306,437
Total deferred inflows of resources	896,982	-	896,982
Net position:			
Net investment in capital assets	6,280,113	1,633,912	7,914,025
Restricted	-	124,645	124,645
Unrestricted	(817,854)	3,277,137	2,459,283
Total net position	\$ 5,462,259	5,035,694	10,497,953

Westborough Water District
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		As Restated
	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	\$ -	3,612,781	3,612,781
Cash and cash equivalents – restricted	-	138,357	138,357
Accrued interest receivable	-	2,500	2,500
Accrued interest receivable – restricted	-	486	486
Accounts receivable – water sales and services, net	498,455	73,935	572,390
Accounts receivable – other	10,200	-	10,200
Property tax receivable	4,922	-	4,922
Lease receivable	25,631	-	25,631
Materials and supplies inventory	210,545	-	210,545
Due from water fund (note 5)	-	290,691	290,691
Prepaid expenses and other deposits	7,303	-	7,303
Total current assets	757,056	4,118,750	4,875,806
Non-current assets:			
Lease receivable	296,132	-	296,132
Capital assets – not being depreciated	1,035,506	-	1,035,506
Capital assets – being depreciated, net	4,886,865	1,708,946	6,595,811
Total non-current assets	6,218,503	1,708,946	7,927,449
Total assets	6,975,559	5,827,696	12,803,255
Deferred outflows of resources:			
Deferred OPEB outflows	93,166	-	93,166
Deferred pension outflows	254,553	-	254,553
Total deferred outflows of resources	347,719	-	347,719
Current liabilities:			
Accounts payable and accrued expenses	200,173	-	200,173
Accrued sewer service charge	-	1,167,541	1,167,541
Deposits	356,172	-	356,172
Unearned revenue	11,443	-	11,443
Due to sewer fund (note 5)	290,691	-	290,691
Long-term liabilities – due within one year:			
Compensated absences	16,706	-	16,706
Total current liabilities	875,185	1,167,541	2,042,726
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	50,119	-	50,119
Net OPEB liability	310,131	-	310,131
Net pension liability	805,442	-	805,442
Total non-current liabilities	1,165,692	-	1,165,692
Total liabilities	2,040,877	1,167,541	3,208,418
Deferred inflows of resources:			
Deferred lease inflows	300,666	-	300,666
Deferred OPEB inflows	125,990	-	125,990
Deferred pension inflows	65,453	-	65,453
Total deferred inflows of resources	492,109	-	492,109
Net position:			
Net investment in capital assets	5,922,371	1,708,946	7,631,317
Restricted	-	138,843	138,843
Unrestricted	(1,132,079)	2,812,366	1,680,287
Total net position	\$ 4,790,292	4,660,155	9,450,447

Westborough Water District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water consumption sales	\$ 3,620,708	-	3,620,708
Wastewater service	-	3,099,878	3,099,878
Other charges and services	12,960	-	12,960
Total operating revenues	3,633,668	3,099,878	6,733,546
Operating expenses:			
Salaries and benefits	380,820	-	380,820
Employee benefits	118,804	-	118,804
Payroll taxes	28,653	-	28,653
Water purchases	1,536,804	-	1,536,804
Utilities	143,292	99,978	243,270
System maintenance	232,843	52,740	285,583
Supplies and small tools	11,862	-	11,862
Special services	49,868	-	49,868
Technical communications	8,020	-	8,020
Vehicles	45,387	-	45,387
Treatment and disposal	-	2,469,527	2,469,527
General and administrative	1,015,960	7,715	1,023,675
Total operating expenses	3,572,313	2,629,960	6,202,273
Operating income before depreciation	61,355	469,918	531,273
Depreciation	(219,672)	(94,379)	(314,051)
Operating (loss) income	(158,317)	375,539	217,222
Non-operating revenue(expense), net:			
Property taxes	624,157	-	624,157
OPEB income – GASB 75	28,679	-	28,679
Pension income – GASB 68	116,069	-	116,069
Investment earnings, net of fair value	(32,848)	-	(32,848)
Interest on rental income	8,837	-	8,837
Rental revenue	33,407	-	33,407
Gain on disposal of capital assets	1,931	-	1,931
Other non-operating revenue	50,052	-	50,052
Total non-operating revenues, net	830,284	-	830,284
Changes in net position	671,967	375,539	1,047,506
Net position, beginning of year, as restated	4,790,292	4,660,155	9,450,447
Net position, end of year	\$ 5,462,259	5,035,694	10,497,953

Westborough Water District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2021

	Enterprise Funds		As Restated
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water consumption sales	\$ 2,967,506	-	2,967,506
Wastewater service	-	2,971,700	2,971,700
Other charges and services	4,227	-	4,227
Total operating revenues	2,971,733	2,971,700	5,943,433
Operating expenses:			
Salaries and benefits	384,302	-	384,302
Employee benefits	135,971	-	135,971
Payroll taxes	27,663	-	27,663
Water purchases	1,719,047	-	1,719,047
Utilities	126,362	89,760	216,122
System maintenance	63,357	12,147	75,504
Supplies and small tools	14,504	-	14,504
Special services	55,257	-	55,257
Technical communications	6,589	-	6,589
Vehicles	15,503	-	15,503
Treatment and disposal	-	2,372,264	2,372,264
General and administrative	1,448,546	4,149	1,452,695
Total operating expenses	3,997,101	2,478,320	6,475,421
Operating (loss) income before depreciation	(1,025,368)	493,380	(531,988)
Depreciation	(241,913)	(96,323)	(338,236)
Operating (loss) income	(1,267,281)	397,057	(870,224)
Non-operating revenue:			
Property taxes	556,454	-	556,454
Investment earnings, net of fair value	(873)	-	(873)
Interest on rental income	9,537	-	9,537
Rental revenue	33,408	-	33,408
Loss on disposal of capital assets	(4,871)	-	(4,871)
Other non-operating revenue	41,699	-	41,699
Total non-operating revenues, net	635,354	-	635,354
Changes in net position	(631,927)	397,057	(234,870)
Net position, beginning of year	5,422,219	4,263,098	9,685,317
Net position, end of year, as restated	\$ 4,790,292	4,660,155	9,450,447

**Westborough Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2022**

	<u>Adopted Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Operating revenues:				
Water consumption sales	\$ 3,965,217	3,965,217	3,620,708	(344,509)
Wastewater service	2,838,845	2,838,845	3,099,878	261,033
Other charges and services	-	-	12,960	12,960
Total operating revenues	<u>6,804,062</u>	<u>6,804,062</u>	<u>6,733,546</u>	<u>(70,516)</u>
Operating expenses:				
Salaries and benefits	376,042	376,042	380,820	(4,778)
Employee benefits	122,335	122,335	118,804	3,531
Payroll taxes	29,343	29,343	28,653	690
Water purchases	1,812,760	1,812,760	1,536,804	275,956
Utilities	212,150	212,150	243,270	(31,120)
System maintenance	78,650	78,650	285,583	(206,933)
Supplies and small tools	11,000	11,000	11,862	(862)
Special services	62,130	62,130	49,868	12,262
Technical communications	6,800	6,800	8,020	(1,220)
Vehicles	15,000	15,000	45,387	(30,387)
Treatment and disposal	2,267,874	2,267,874	2,469,527	(201,653)
General and administrative	1,101,461	1,101,461	1,023,675	77,786
Total operating expenses	<u>6,095,545</u>	<u>6,095,545</u>	<u>6,202,273</u>	<u>(106,728)</u>
Operating loss before depreciation and amortization	<u>708,517</u>	<u>708,517</u>	<u>531,273</u>	<u>(177,244)</u>
Depreciation	<u>(363,004)</u>	<u>(363,004)</u>	<u>(314,051)</u>	<u>48,953</u>
Operating loss	<u>345,513</u>	<u>345,513</u>	<u>217,222</u>	<u>(128,291)</u>
Non-operating revenues, net:				
Property taxes	530,000	530,000	624,157	94,157
OPEB income – GASB 75	-	-	28,679	(28,679)
Pension income – GASB 68	-	-	116,069	(116,069)
Interest and investment unrealized loss	14,956	14,956	(32,848)	(47,804)
Interest on rental income	-	-	8,837	8,837
Rental revenue	-	-	33,407	33,407
Loss on disposal of capital assets	-	-	1,931	1,931
Other non-operating revenue	36,000	36,000	50,052	14,052
Total non-operating revenues, net	<u>580,956</u>	<u>580,956</u>	<u>830,284</u>	<u>(40,168)</u>
Changes in net position	<u>\$ 926,469</u>	<u>926,469</u>	<u>1,047,506</u>	<u>(168,459)</u>
Net position, beginning of year			<u>9,450,447</u>	
Net position, end of year			<u>\$ 10,497,953</u>	

**Westborough Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2021**

	Adopted Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:				
Water consumption sales	\$ 2,987,644	2,987,644	2,967,506	(20,138)
Wastewater service	3,009,027	3,009,027	2,971,700	(37,327)
Other charges and services	-	-	4,227	4,227
Total operating revenues	5,996,671	5,996,671	5,943,433	(53,238)
Operating expenses:				
Salaries and benefits	353,877	353,877	384,302	(30,425)
Employee benefits	125,076	125,076	135,971	(10,895)
Payroll taxes	27,648	27,648	27,663	(15)
Water purchases	1,791,520	1,791,520	1,719,047	72,473
Utilities	181,650	181,650	216,122	(34,472)
System maintenance	63,650	63,650	75,504	(11,854)
Supplies and small tools	9,000	9,000	14,504	(5,504)
Special services	62,130	62,130	55,257	6,873
Technical communications	7,460	7,460	6,589	871
Vehicles	15,000	15,000	15,503	(503)
Treatment and disposal	2,377,774	2,377,774	2,372,264	5,510
General and administrative	1,045,798	1,045,798	1,452,695	(406,897)
Total operating expenses	6,060,583	6,060,583	6,475,421	(414,838)
Operating loss before depreciation and amortization	(63,912)	(63,912)	(531,988)	(468,076)
Depreciation	(330,135)	(330,135)	(338,236)	(8,101)
Operating loss	(394,047)	(394,047)	(870,224)	(476,177)
Non-operating revenues, net:				
Property taxes	475,000	475,000	556,454	81,454
Interest and investment unrealized loss	63,943	63,943	(873)	(64,816)
Interest on rental income	-	-	9,537	9,537
Rental revenue	-	-	33,408	33,408
Loss on disposal of capital assets	-	-	(4,871)	(4,871)
Other non-operating revenue	32,232	32,232	41,699	9,467
Total non-operating revenues, net	571,175	571,175	635,354	64,179
Changes in net position	\$ 177,128	177,128	(234,870)	(411,998)
Net position, beginning of year, as restated			9,685,317	
Net position, end of year			\$ 9,450,447	

**Westborough Water District
Schedule of Capacity Charges
For the Year Ended June 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Beginning balance as of July 1, 2021	\$ 307,922	140,635	448,557
Capacity fees received for the fiscal year ended June 30, 2022			
Storage and transmission fees	<u>5,915</u>	<u>-</u>	<u>5,915</u>
Total capacity charges	<u>\$ 313,837</u>	<u>140,635</u>	<u>454,472</u>

Public improvement expenditures for the fiscal year ended June 30, 2022, are as follows:

	<u>Project expenditures</u>			<u>Percentage complete</u>	<u>Project expenditures funded with the above fees</u>	
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>		<u>Amount</u>	<u>Percentage</u>
Public improvement projects						
Athy Drive / Skyline Village improvements	\$ 17,686	-	17,686	95%	17,686	100%
Skyline tanks structural analysis, coating, and inspection	474,200	-	474,200	37%	474,200	100%
Westborough sanitary lift station	-	340	340	100%	340	100%
Westborough manhold rehabilitation	<u>-</u>	<u>15,840</u>	<u>15,840</u>	100%	15,840	100%
Total expenditures	<u>491,886</u>	<u>16,180</u>	<u>508,066</u>			
(Deficiency) excess fees over expenditures	<u>(178,049)</u>	<u>124,455</u>	<u>(53,594)</u>			
Less: deficiency	<u>(178,049)</u>	<u>-</u>	<u>(178,049)</u>			
Ending balance as of June 30, 2022	<u>\$ -</u>	<u>124,455</u>	<u>124,455</u>			

**Westborough Water District
Schedule of Capacity Charges
For the Year Ended June 30, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Beginning balance as of July 1, 2020	\$ 304,473	140,635	445,108
Capacity fees received for the fiscal year ended June 30, 2021			
Storage and transmission fees	<u>3,449</u>	<u>-</u>	<u>3,449</u>
Total capacity charges	<u>\$ 307,922</u>	<u>140,635</u>	<u>448,557</u>

Public improvement expenditures for the fiscal year ended June 30, 2021, are as follows:

	<u>Project expenditures</u>			<u>Percentage complete</u>	<u>Project expenditures funded with the above fees</u>	
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>		<u>Amount</u>	<u>Percentage</u>
Public improvement projects						
Athy Drive / Skyline Village improvements	\$ 724,661	-	724,661	95%	724,661	58%
Westborough sanitary lift station	-	2,278	2,278	100%	2,278	100%
Skyline tanks structural analysis, coating, and inspection	<u>1,944</u>	<u>-</u>	<u>1,944</u>	0.15%	1,944	100%
Total expenditures	<u>726,605</u>	<u>2,278</u>	<u>728,883</u>			
Excess fees over expenditures	<u>(418,683)</u>	<u>138,357</u>	<u>(280,326)</u>			
Less: deficiency	<u>(418,683)</u>	<u>-</u>	<u>(418,683)</u>			
Ending balance as of June 30, 2021	<u>\$ -</u>	<u>138,357</u>	<u>138,357</u>			

Report on Internal Controls and Compliance

Presentation Draft Subject to Board Approval

Presentation Draft Subject to Board Approval

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Westborough Water District
South San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Westborough Water District (District), as of and for the years June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated March 9, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**Independent Auditor's Report on Internal Controls Over Financial Reporting
and on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

Purpose of this Report

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

C.J. Brown & Company CPAs
Cypress, California
March 9, 2023

Westborough Water District

Management Report

June 30, 2022

Presentation Draft

Westborough Water District

Management Report

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Board of Directors
Westborough Water District
South San Francisco, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Westborough Water District (District) as of and for the years ended June 30, 2022 and 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2022.

Prior Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2021.

* * * * *

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company CPAs
Cypress, California
March 9, 2023

APPENDIX

Westborough Water District

Audit/Finance Committee Letter

June 30, 2022

Board of Directors
Westborough Water District
South San Francisco, California

We have audited the financial statements of the business-type activities of the Westborough Water District (District) for the years ended June 30, 2022 and 2021 and have issued our report thereon dated March 9, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 16, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 9, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As of and for the year ended June 30, 2022, the District implemented the provisions of *GASB Statement No. 87 – Leases*. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

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

Management's estimate of the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Management's estimate of the other post-employment benefits (OPEB) plan: deferred outflows of resources, net OPEB liability, and deferred inflows of resources is based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary in determining that they are reasonable in relation to the financial statements taken as a whole.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Significant Accounting Estimates, continued

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources is based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods, and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's allowance for delinquent/doubtful accounts in Note 3 to the basic financial statements represents amounts susceptible to external factors the District has no control over, such as, the state of the economy in the District's service area.

The disclosure of capital assets, net in Note 6 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan, in Note 8 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the District's defined benefit pension plan in Note 9 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected and Corrected Misstatements, continued

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 6 through 9 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 9, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to the management discussion and analysis, schedules of changes in the District's net OPEB liability and related ratios, schedules of the District's proportionate share of net pension liability, and the schedule of pension plan contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Other Matters, continued

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

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Patricia Mairena, General Manager and the District's administrative staff in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

C.J. Brown & Company CPAs
Cypress, California
March 9, 2023

Westborough Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2022

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To adjust beginning fixed assets for journal entries booked in prior year which are not reflected in current year G/L.			
11186	MAINTENANCE FACILITY	350.00	
11186	MAINTENANCE FACILITY	3,506.00	
11416	ALL. MAINTENANCE FACILITY	27,350.43	
11186	MAINTENANCE FACILITY		27,350.43
11416	ALL. MAINTENANCE FACILITY		2,436.00
56890	MISCELLANEOUS		199.00
57100	DEPRECIATION		1,221.00
Total		31,206.43	31,206.43
Adjusting Journal Entries JE # 2			
AJE - To reclassify current year OPEB contributions and reimbursements from Pension and OPEB liability accounts at June 30, 2022.			
24000	NET OPEB LIAB.	45,328.51	
51450	OPEB BENEFITS	7,748.35	
56450	PRE-FUNDING OPB	11,622.51	
25000	PENSION LIAB.		19,370.86
51450	OPEB BENEFITS		18,131.41
56450	PRE-FUNDING OPB		27,197.10
Total		64,699.37	64,699.37
Adjusting Journal Entries JE # 3			
GASB 68 Entry #1 - To reclassify 2021 contributions to NPL at June 30, 2022.			
25000	PENSION LIAB.	130,284.00	
17000	DEF. PEN. O/F		130,284.00
Total		130,284.00	130,284.00
Adjusting Journal Entries JE # 4			
GASB 68 Entry #2 - To reclassify 2022 contributions to Deferred Outflows of Resources at June 30, 2022.			
17000	DEF. PEN. O/F	123,498.00	
51115	CALPERS-FIELD		54,500.00
56115	CALPERS-ADMIN		68,998.00
Total		123,498.00	123,498.00
Adjusting Journal Entries JE # 5			
GASB 68 Entry #3 - To record changes in pension liability during FY20/21 at June 30, 2022.			
17000	DEF. PEN. O/F	18,582.00	
17000	DEF. PEN. O/F	67,647.00	
25000	PENSION LIAB.	395,910.00	
27000	DEF. PEN. I/F	23,926.00	
17000	DEF. PEN. O/F		23,926.00
27000	DEF. PEN. I/F		667.00
27000	DEF. PEN. I/F		44,442.00
27000	DEF. PEN. I/F		344,703.00
51115	CALPERS-FIELD		40,744.00
56115	CALPERS-ADMIN		51,583.00
Total		506,065.00	506,065.00
Adjusting Journal Entries JE # 6			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY20/21 at June 30, 2022.			
27000	DEF. PEN. I/F	6,412.00	
27000	DEF. PEN. I/F	41,490.00	
27000	DEF. PEN. I/F	77,000.00	
17000	DEF. PEN. O/F		28,773.00
17000	DEF. PEN. O/F		48,938.00
51115	CALPERS-FIELD		20,825.00
56115	CALPERS-ADMIN		26,366.00
Total		124,902.00	124,902.00

Westborough Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2022

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
AJE - To accrue June related payables found at Search for Unrecorded liabilities (check 23901, 23919, 23903)			
11181	WATER FACILITY	49,000.88	
11190	WORK IN PROGRES	21,498.15	
56830	ENGINEERING SERVICES	8,119.13	
56870	INSURANCE	6,000.85	
23000	OTHER CURRENT LIABILITIES		49,000.88
23000	OTHER CURRENT LIABILITIES		6,000.85
23000	OTHER CURRENT LIABILITIES		29,617.28
Total		84,619.01	84,619.01
Adjusting Journal Entries JE # 8			
AJE - To reclass CIP noted during Search for Unrecorded recorded to CIP, transferred to depreciable assts at June 30, 2022. See revised fixed asset detail schedule.			
11190	WORK IN PROGRES	243,770.00	
11190	WORK IN PROGRES	65,930.00	
11190	WORK IN PROGRES	49,000.88	
11190	WORK IN PROGRES	1.25	
12100	SEWER FACILITY	97.13	
12100	SEWER FACILITY	242.81	
11181	WATER FACILITY		243,770.00
11181	WATER FACILITY		65,930.00
11181	WATER FACILITY		49,000.88
11190	WORK IN PROGRES		97.13
11190	WORK IN PROGRES		242.81
99999	ROUNDING		1.25
Total		359,042.07	359,042.07
Adjusting Journal Entries JE # 9			
GASB 75 Entry #1 - To reclassify 2021 contributions to a reduction in Net OPEB Liability at June 30, 2022.			
24000	NET OPEB LIAB.	41,088.00	
16000	DEFERRED OUTLFL		41,088.00
Total		41,088.00	41,088.00
Adjusting Journal Entries JE # 10			
GASB 75 Entry #2 - To contra reclassify 2022 contributions for retiree benefits to deferred outflows of resources from expense at June 30, 2022.			
16000	DEFERRED OUTFLOWS	60,459.00	
51470	GASB 75 CONTRA EXPENSE (INCOME) - FIELD		26,682.00
56470	GASB 75 CONTRA EXPENSE (INCOME) - ADMIN		33,777.00
Total		60,459.00	60,459.00
Adjusting Journal Entries JE # 11			
GASB 75 Entry #3 - To record changes in OPEB liability and related deferrals during FY20/21 in the current year.			
16000	DEFERRED OUTFLOWS	42,515.00	
24000	NET OPEB LIAB.	186,369.00	
26000	DEF. IN - OPEB	15,689.00	
51470	GASB 75 CONTRA EXPENSE (INCOME) - FIELD	18,383.00	
56470	GASB 75 CONTRA EXPENSE (INCOME) - ADMIN	23,271.00	
16000	DEFERRED OUTLFL		15,689.00
26000	DEF. IN - OPEB		161,612.00
26000	DEF. IN - OPEB		108,926.00
Total		286,227.00	286,227.00

Westborough Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2022

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 12			
GASB 75 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2022.			
26000	DEF IN - OPEB	40,012.00	
26000	DEF IN - OPEB	17,541.00	
16000	DEFERRED OUTFL		11,372.00
51470	GASB 75 CONTRA EXPENSE (INCOME) - FIELD		20,380.00
56470	GASB 75 CONTRA EXPENSE (INCOME) - ADMIN		25,801.00
Total		57,553.00	57,553.00
Adjusting Journal Entries JE # 13			
AJE - To reclassify amounts recorded to miscellaneous expense which upon analysis should have been recorded on a proprietary basis to expense.			
41200	WATER SALES - COMMERCIAL	1,139.61	
41400	WATER SALES - MULTI-FAM	692.01	
41400	WATER SALES - MULTI-FAM	12,397.84	
42351	CHARGES - SANITATION	18,437.00	
56117	Employee Appreciation & Recruitment	2,059.57	
56210	OFFICE SUPPLIES	256.93	
56210	OFFICE SUPPLIES	4,603.48	
56230	MEMBERSHIPS	528.28	
56840	ACCOUNTING SERVICES	15,000.00	
58001	Customer Rebates	2,400.00	
58002	Property Tax Expense	2,314.58	
49700	NON OPERATING - OTHER		2,527.35
56890	MISCELLANEOUS		57,301.95
Total		59,829.30	59,829.30
Adjusting Journal Entries JE # 14			
AJE - To correct interest receivable per LAIF interest statement at June 30, 2022.			
13720	Interest Receivable	2,160.18	
13720	Interest Receivable	3,573.27	
13750	ACCTS.REC.-OTHER		2,160.18
49234	INTEREST-L.A.I.F.		3,573.27
Total		5,733.45	5,733.45
Adjusting Journal Entries JE # 15			
AJE - To adjust accounts receivable to actual per testing performed at June 30, 2022.			
41100	WATER SALES - RESIDENTIAL	7,111.59	
42351	CHARGES - SANITATION	653.92	
13710	ACCTS REC.-WATER		2,896.80
13712	ACCTS.REC.-WATER ADJ.		4,214.79
13713	A/R SEWER		653.92
Total		7,765.51	7,765.51
Adjusting Journal Entries JE # 16			
AJE - To reclassify Athy Drive from Water Facility back to CIP and remove related recorded depreciation, project is not completed at June 30, 2022.			
11190	WORK IN PROGRES	847,353.72	
11190	WORK IN PROGRES	4,428.39	
11411	ALL WATER FACILITY	14,053.26	
11181	WATER FACILITY		847,353.72
56830	ENGINEERING SERVICES		4,428.39
57100	DEPRECIATION		14,053.26
Total		865,835.37	865,835.37

Westborough Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2022

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 17			
PPA - GASB 87 Entry #1 - To record initial lease receivable and deferred inflow of resources.			
13950	LEASE RECEIVABLE	367,480.90	
28000	DEFERRED LEASE INFLOWS		367,480.90
Total		367,480.90	367,480.90
Adjusting Journal Entries JE # 18			
PPA - GASB 87 Entry #2 - To record FY2020 lease payments and amortization of lease asset and lease liability			
28000	DEFERRED LEASE INFLOWS	33,407.35	
59999	PPA - GASB 87 ADJUSTMENTS, NET	32,237.16	
13950	LEASE RECEIVABLE		22,050.51
59999	PPA - GASB 87 ADJUSTMENTS, NET		10,186.65
59999	PPA - GASB 87 ADJUSTMENTS, NET		33,407.35
Total		65,644.51	65,644.51
Adjusting Journal Entries JE # 19			
PPA - GASB 87 Entry #3 - To record FY2021 lease payments and amortization of lease asset and lease liability			
28000	DEFERRED LEASE INFLOWS	33,407.35	
59999	PPA - GASB 87 ADJUSTMENTS, NET	33,204.24	
13950	LEASE RECEIVABLE		23,667.04
59999	PPA - GASB 87 ADJUSTMENTS, NET		9,537.20
59999	PPA - GASB 87 ADJUSTMENTS, NET		33,407.35
Total		66,611.59	66,611.59
Adjusting Journal Entries JE # 20			
GASB 87 Entry #4 - To record FY2022 lease payments and amortization of lease asset and lease liability			
28000	DEFERRED LEASE INFLOWS	33,407.35	
49700	NON OPERATING - OTHER	34,468.56	
13950	LEASE RECEIVABLE		25,631.39
49250	INTEREST INCOME LEASE		8,837.17
49910	RENTAL INCOME - CELL SITE		33,407.35
Total		67,875.91	67,875.91
Total Adjusting Journal Entries		3,376,419.42	3,376,419.42
Total All Journal Entries		3,376,419.42	3,376,419.42

Legend:

AJE	Audit Adjusting Journal Entry
GASB 68 Entry	GASB 68 Adjusting Journal Entry
GASB 75 Entry	GASB 75 Adjusting Journal Entry
GASB 87 Entry	GASB 87 Adjusting Journal Entry
PPA	Prior Period Adjusting Journal Entry

STAFF REPORT

TO: Board of Directors

FROM: Patricia Mairena, General Manager

DATE: March 6, 2023

RE: Review/Approve Pump Repair Service Company Quote for Westborough Main Pump Station Replacement Bowl Assemblies.

BACKGROUND

At the May 13, 2022, the Board approved the replacement of the Bowl Assembly and Repair Pump and Motor for the Westborough Main Pump Station, Pump no. 3 at a cost of \$57,059.77. The delivery time was scheduled for 16 weeks.

INFORMATION

The delivery date has been moved by several months. The latest delivery date is now April 21, 2023. This was due to a couple of factors:

1. The COVID-19 pandemic which caused global supply chain issues.
2. The war in Ukraine - the US Government diverted the factory operations to the war efforts. All other orders were placed in backorder.

DISCUSSION

The attached proposal from Pump Repair Service Company is for one assembly and/or two assemblies for the remaining two pumps, no. 1 and no. 2. The delivery time is currently running a long lead time of 40 to 50 weeks. Since the pump station was designed to have 2 pumps running at the same time for maximum flow and higher pumping efficiency, the pumps should have equal maintenance. It is the recommendation of Pump Repair Service Company that the District place an order sooner rather than later.

FISCAL IMPACT

The cost for one Bowl Assembly is \$42,747.97 (with a 10% increase from last year's). The cost of two Bowl Assemblies is \$77,373.98 (at last year's prices). This cost is not included in the adopted FY 2022-23 Operating Budget; however, since payment is not due until delivery of the product, the cost could be budgeted for FY 2023-2024.

RECOMMENDATION

It is the General Manager's recommendation that the Board approve the proposal from Pump Repair Service Company for two assemblies at an amount not-to-exceed \$77,373.98.

ATTACHMENT

Attachment: Pump Repair Service Co. Quote dated February 14, 2023.



February 14, 2023

Westborough Water District
2263 Westborough Blvd.
South San Francisco, CA 94083

Attn: Patricia Mairena

SUBJECT: MAIN STATION: REPLACEMENT BOWL ASSEMBLIES

Dear Patricia,

Due to the extremely long lead times 40 to 50 weeks from Floway pumps. I would, strongly suggest that the Water District order 2 new bowl assemblies for Pump #1 and #2.

The station was designed to have 2 pumps running at the same time for maximum flow and higher pumping efficiency.

We have looked at different manufacturer's pump curves hoping to find one with a similar curve. Unfortunately, we can't find a good match, due to the steepness of the Floway curve.

The new bowl assembly that we ordered for Pump #3 back in May 9th of 2022 is currently scheduled to ship on April 21, 2023.

We are pleased to offer you with the following. Floway will offer the same price as last year if you order 2 bowl assemblies at the same time within 60 days. If you order one bowl assembly there's a 10% increase in price from last year.

Option 1: One Bowl Assembly

1 – Floway 12 DOH 7 stage water lube
bowl assembly with extended
shaft and flanged connection \$37,906.00
Design Conditions: 1570 GPM @ 282'TDH

Freight..... 1,000.00
Sales tax 9 7/8% 3,841.97
Total \$42,747.97
Delivery currently 40 to 50 Weeks

Page 2
Westborough Water District
February 14, 2023

Option 2: The Bowl Assemblies at Last Year's Price

2 – Floway 12 DOH 7 stage water lube
bowl assemblies with extended
shaft and flanged connection
@ \$34,460.00 each..... \$68,920.00

Freight..... 1,500.00
Sales tax 9 7/8% 6,953.98
Total \$77,373.98
Delivery currently 40 to 50 Weeks

If you have any questions on the above, please give me a call.

Sincerely,



Wayne Archer

WA/dm

Water Purchases Comparison 2021-2022 to 2022-2023

FY 2021-2022				FY 2022-2023				Comparison
Period	HCF Purchased	No. of Days Billed	HCF per Day	Period	HCF Purchased	No. of Days Billed	HCF per Day	HCF Per Day Difference
06/04/21 to 07/06/21	34561	33	1047.30	06/03/22 to 07/05/22	29495	33	893.79	-153.52
07/07/21 to 08/04/21	27813	29	959.07	07/06/22 to 08/03/22 ⁵	32533	29	1121.81	162.74
08/07/21 to 09/04/21	33492	30	1116.40	08/04/22 to 09/06/22	28439	34	836.46	-279.94
09/05/21 to 10/06/21 ²	29279	32	914.97	09/07/22 to 10/05/22	32245	29	1111.88	196.91
10/05/21 to 11/02/21	29802	29	1027.66	10/06/22 to 11/03/22 ⁶	31934	29	1101.18	73.53
11/04/21 to 12/06/21 ³	27129	33	822.09	11/04/22 to 12/05/22 ⁷	28448	32	888.99	66.90
12/07/21 to 01/05/22 ⁴	18297	30	609.90	12/06/22 to 01/05/23	21732	31	701.04	91.14
01/06/22 to 02/03/22	23881	29	823.48	01/06/23 to 02/03/23	21726	29	749.16	-74.32
02/04/22 to 03/04/22	25242	29	870.41	02/04/23 to 03/06/23	27075	31	873.37	2.96
03/05/22 to 04/05/22	29452	32	920.38					
04/06/22 to 05/04/22	28053	29	967.34					
05/05/22 to 06/02/22	25196	29	868.83					
Total Purchases	332197	364	912.63	Total Purchases	253626.04	277	915.62	

9.A.1

² Includes Intertie Deliveries from NCCWD = 12,498 from 09/09/21 - 09/22/21

³ Includes Intertie Deliveries from NCCWD = 4,181 from 12/02/21 - 12/06/21

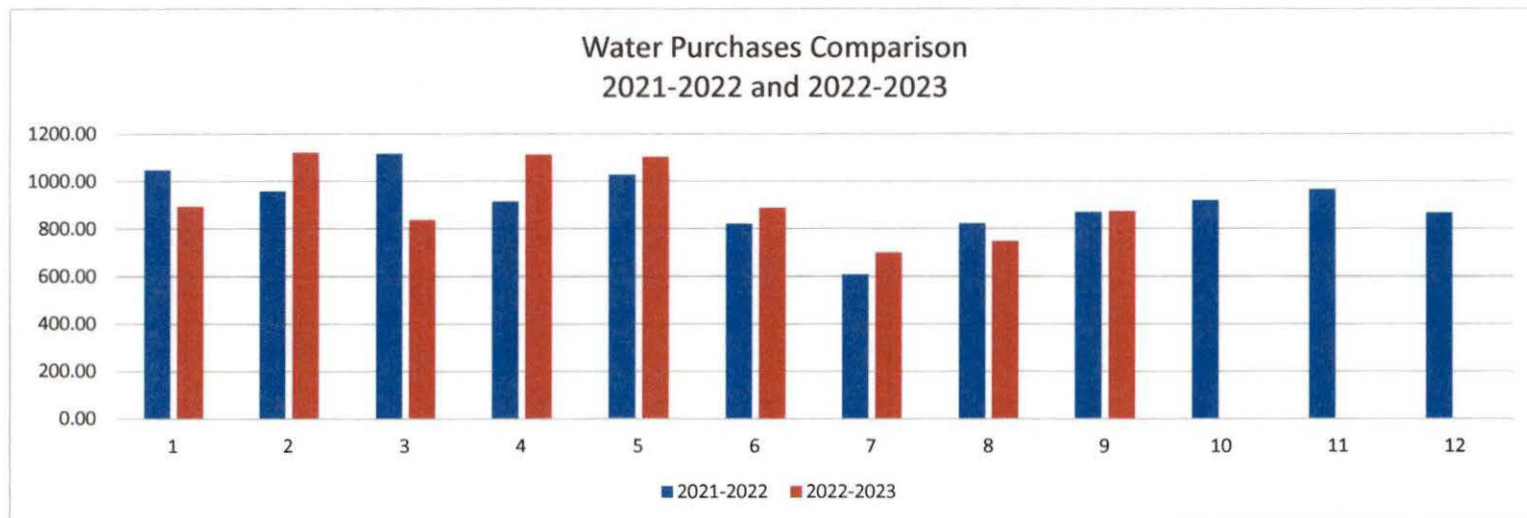
⁴ Includes Intertie Deliveries from NCCWD = 9,362 from 12/07/21 - 12/21/21

⁵ Skyline Tank No. 3 was placed back in service after exterior recoating

⁶ Includes Intertie Deliveries to NCCWD = unknown, starting 11/02/22

⁷ Deducted Intertie Deliveries to NCCWD = 11,916 from 11/02/22 - 11/09/22

GPCPD YTD	50.78
GPCPD 21/22	50.62
GPCPD 19/20	59.11
GPCPD 20/21	58.30



Water Purchases Comparison 2020-2021 to 2022-2023

FY 2020-2021				FY 2021-2022				Comparison
Period	HCF Purchased	No. of Days Billed	HCF per Day	Period	HCF Purchased	No. of Days Billed	HCF per Day	HCF Per Day Difference
06/05/20 to 07/07/20	43157	33	1307.79	06/03/22 to 07/05/22	29495	33	893.79	-414.00
07/08/20 to 08/06/20	34995	30	1166.50	07/06/22 to 08/03/22	32533	29	1121.81	-44.69
08/07/20 to 09/04/20	37162	29	1281.45	08/04/22 to 09/06/22	28439	34	836.46	-444.99
09/05/20 to 10/06/20	39480	32	1233.75	09/07/22 to 10/05/22	32245	29	1111.88	-121.87
10/05/20 to 11/02/20	26876	27	995.41	10/06/22 to 11/03/22 ⁶	31934	29	1101.18	105.78
11/03/20 to 12/04/20	34525	32	1078.91	11/04/22 to 12/05/22 ⁷	28448	32	888.99	-189.91
12/05/20 to 01/04/21	26748	31	862.84	12/06/22 to 01/05/23	21732	31	701.04	-161.80
01/05/21 to 02/01/21	25531	28	911.82	01/06/23 to 02/03/23	21726	29	749.16	-162.66
02/02/21 to 03/04/21	25095	31	809.52	02/04/23 to 03/06/23	27075	31	873.37	63.86
03/05/21 to 04/05/21	30684	32	958.88		0	0		
04/06/21 to 05/05/21	27430	30	914.33		0	0		
05/06/21 to 06/03/21	30907	29	1065.76		0	0		
Total Purchases	382590	364	1051.07	Total Purchases	253626.04	277	915.62	

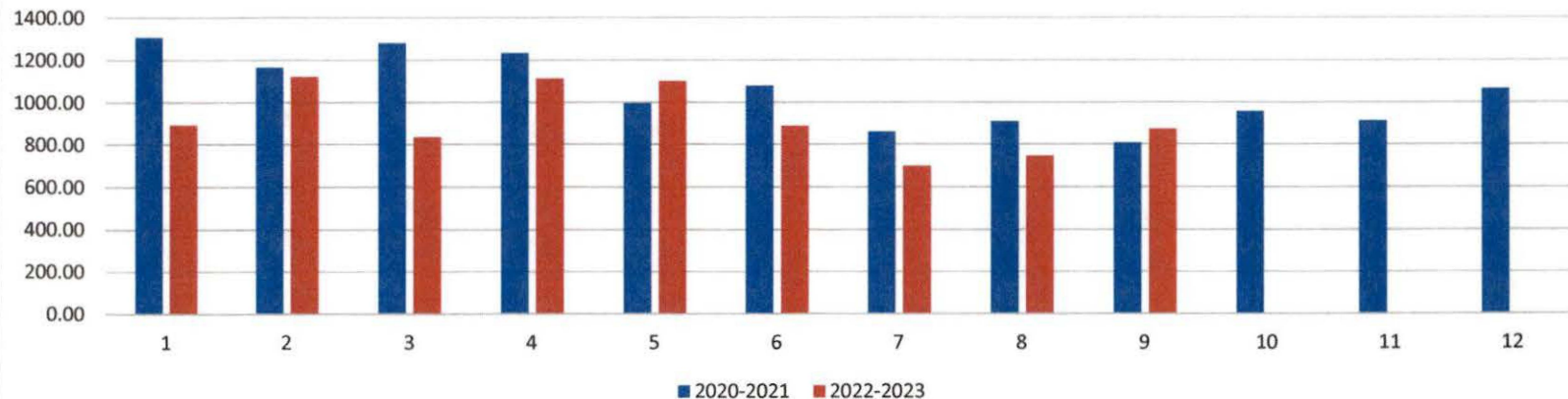
⁶ Includes Intertie Deliveries to NCCWD = unknown, starting 11/02/22

⁷ Deducted Intertie Deliveries to NCCWD = 11,916 from 11/02/22 - 11/09/22

GPCPD YTD	50.78
GPCPD 20/21	58.30
GPCPD 19/20	59.11
GPCPD 21/22	50.62

9.A.2

Water Purchases Comparison
2020-2021 and 2022-2023



Water Purchases Comparison 2019-2020 to 2022-2023

FY 2019-2020				FY 2022-2023				Comparison
Period	HCF Purchased	No. of Days Billed	HCF per Day	Period	HCF Purchased	No. of Days Billed	HCF per Day	HCF Per Day Difference
06/06/19 to 07/05/19	29517	30	983.90	06/03/22 to 07/05/22	29495	33	893.79	-90.11
07/06/19 to 08/06/19	31804	32	993.88	07/06/22 to 08/03/22	32533	29	1121.81	127.94
08/07/19 to 09/05/19	34491	30	1149.70	08/04/22 to 09/06/22	28439	34	836.46	-313.24
09/06/19 to 10/04/19	31666	29	1091.93	09/07/22 to 10/05/22	32245	29	1111.88	19.95
10/05/19 to 11/01/19	36225	28	1293.75	10/06/22 to 11/03/22 ⁶	31934	29	1101.18	-192.57
11/02/19 to 12/04/19 ¹	33179	33	1005.42	11/04/22 to 12/05/22 ⁷	28448	32	888.99	-116.43
12/05/19 to 01/07/20	40049	34	1177.91	12/06/22 to 01/05/23	21732	31	701.04	-476.87
01/08/20 to 02/05/20	29274	29	1009.45	01/06/23 to 02/03/23	21726	29	749.16	-260.29
02/06/20 to 03/05/20	24668	29	850.62	02/04/23 to 03/06/23	27075	31	873.37	22.75
03/06/20 to 04/06/20	32700	32	1021.88		0	0		
04/07/20 to 05/05/20	31088	29	1072.00		0	0		
05/06/20 to 06/04/20	34315	30	1143.83		0	0		
Total Purchases	388976	365	1065.69	Total Purchases	253626.04	277	915.62	

¹ Deducted Intertie Deliveries to NCCWD = 37,379 from 11/04/19 - 11/18/19

⁶ Includes Intertie Deliveries to NCCWD = unknown, starting 11/02/22

⁷ Deducted Intertie Deliveries to NCCWD = 11,916 from 11/02/22 - 11/09/22

GPCPD YTD	50.78
GPCPD 19/20	59.11
GPCPD 20/21	58.30
GPCPD 21/22	50.62

9.A.3

