

RIVERSIDE HIGHLAND WATER COMPANY

BALANCE SHEETS

DECEMBER 31, 2022 and 2021

ASSETS

	2022	Restated 2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 849,161	\$ 5,417,844
Accounts receivable – trade	489,068	492,792
Accounts receivable – other	24,996	28,411
Contract assets	332,493	294,415
Prepaid expenses	29,662	20,731
Total Current Assets	<u>1,725,380</u>	<u>6,254,193</u>
PROPERTY AND EQUIPMENT, NET	<u>41,153,119</u>	<u>21,106,804</u>
OTHER ASSETS		
Investments	8,974,701	3,801,435
Water rights	735,759	712,760
Total Other Assets	<u>9,710,460</u>	<u>4,514,195</u>
Total ASSETS	<u>\$ 52,588,959</u>	<u>\$ 31,875,192</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

	2022	Restated 2021
CURRENT LIABILITIES		
Accounts payable	\$ 482,004	\$ 264,366
Accrued liabilities	84,842	122,132
Contract liabilities	1,306,600	237,130
Income taxes payable	11,683	1,397,871
Total Current Liabilities	<u>1,885,129</u>	<u>2,021,499</u>
SHAREHOLDERS' EQUITY		
Capital stock, par value \$10 per share; 80,000 shares authorized; 21,248 shares issued; 19,026 and 19,088 shares outstanding	190,260	190,880
Paid-in capital	292,173	291,553
Retained earnings	50,275,962	29,342,038
Accumulated other comprehensive income loss	(54,565)	29,222
Total Shareholders' Equity	<u>50,703,830</u>	<u>29,853,693</u>
Total LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 52,588,959</u>	<u>\$ 31,875,192</u>

The accompanying notes are an integral part of the financial statements.



12374 Michigan Street
Grand Terrace, CA 92313-5602

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Important Health Information

Drinking water including bottled water may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the U.S. EPA's Safe Drinking Water Hotline (1-800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. U.S. EPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

Regulation of Drinking Water and Bottled Water Quality

In order to ensure that tap water is safe to drink, the U.S. EPA and the State Board prescribe regulations that limit the number of certain contaminants in water provided by public water systems. The U.S. Food and Drug Administration regulations and California law also establish limits for contaminants in bottled water that provide the same protection for public health. Additional information on bottled water is available on California Department of Public Health's website at

<https://www.cdph.ca.gov/Programs/CEH/DFDCS/Pages/FDBPrograms/FoodSafetyProgram/Water.aspx>

An Important Message About Drinking Water Sources

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

Microbial Contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.

Inorganic Contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.

“I need to have the water at my house turned off for repairs. What should I do?”

If for any reason your water needs to be turned off at the meter so you can make repairs either inside the home or on your sprinkler system, **please call us!** We will be more than happy to come out at any time and at **no charge** to you. We have personnel available 24 hours a day, seven days a week.

The turnoff valve on your water meter requires a special tool to turn it off. If the wrong tool is used, the meter or valve can be easily damaged. If you try to turn the water off yourself and damage the turn-off valve, we will come out to fix it for you – but your water account will be charged for the cost of the repair.

So please remember – all you have to do is **call us at (909) 825-4128** and we will take care of the rest for you.

Non-English Translation

This report contains important information about your drinking water. Please contact Riverside Highland Water Company at (909) 825-4128 for assistance in Spanish.

Este informe contiene informacion muy importante sobre su agua para beber. Favor de comunicarse con Riverside Highland Water Company a 12374 Michigan Street Grand Terrace, CA 92313 y 909-825-4128 para asistirlo en espanol.

RIVERSIDE HIGHLAND WATER COMPANY

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022	Restated 2021
REVENUES		
Water sales	\$ 4,282,589	\$ 3,872,001
Assessments	987,418	904,771
Penalties, transfers, and inspection fees	244,555	171,309
Total Revenues	<u>5,514,562</u>	<u>4,948,081</u>
EXPENSES		
Operations and Maintenance		
Pumping expense and water spreading	1,226,180	969,344
Transmission and storage	456,165	280,559
Quality control	235,067	232,999
Customer accounting	126,478	92,622
Automotive and other	155,872	136,960
Total Operations and Maintenance	<u>2,199,762</u>	<u>1,712,484</u>
General and Administrative		
Salaries	573,585	537,499
Payroll taxes	56,512	84,403
Employee benefits	290,286	287,015
Vacation, holiday, and sick pay	107,056	83,488
Office expense	89,897	59,062
Insurance	86,040	73,734
Professional services	176,565	241,878
Directors' fees	19,775	19,425
Dues, subscriptions, and water studies	4,563	3,395
Building maintenance	58,611	51,551
Property taxes	173,534	67,469
State regulatory agency fees	58,235	80,712
Depreciation	1,246,803	1,152,797
Other	33,977	25,896
Total General and Administrative	<u>2,975,439</u>	<u>2,768,324</u>
TOTAL EXPENSES	<u>\$ 5,175,201</u>	<u>\$ 4,480,808</u>

STATEMENTS OF COMPREHENSIVE INCOME (Continued)	2022	Restated 2021
INCOME FROM OPERATIONS	<u>\$ 339,361</u>	<u>\$ 467,273</u>
OTHER INCOME		
Charges for new service connections	114,483	84,423
Contribution of Water Facilities	20,489,125	-
Investment income	248,778	104,052
Rents and royalties	3,700	3,700
Gain on disposal of assets	28,458	4,235,733
Loss on investments	(464,169)	(137,846)
Total Other Income	<u>20,420,375</u>	<u>4,290,062</u>
INCOME BEFORE INCOME TAXES	<u>20,759,736</u>	<u>4,757,335</u>
INCOME TAXES	<u>(174,188)</u>	<u>1,400,871</u>
NET INCOME	<u>20,933,924</u>	<u>3,356,464</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Gains (Losses) on Debt Securities		
Unrealized losses arising during the year	(83,445)	(73,020)
Reclassification adjustment for (gains) losses realized	(342)	25,554
Total Other Comprehensive Income (Loss)	<u>(83,787)</u>	<u>(47,466)</u>
COMPREHENSIVE INCOME	<u>\$ 20,850,137</u>	<u>\$ 3,308,998</u>

Monday through Thursday 7:30 a.m. to 5:00 p.m.
1st & 3rd Friday 7:30 a.m. to 4:00 p.m. • Closed on the 2nd & 4th Friday

If at any time you notice any unusual activity, damage, or graffiti at Riverside Highland Water Company Facilities, please call us at (909) 825-4128.

The Board of Directors, Management, and Staff of Riverside Highland Water Company are proud to serve the water needs of our shareholders and customers.



This brochure is a summary of the quality of water that Riverside Highland Water Company provided to its customers in 2022. Included are details about where your drinking water comes from, what it contains, and how it compares to State and Federal Standards. The enclosed tables show the results of our monitoring for the period of January 1st to December 31st, 2022. In some instances, the results are from prior years because not all constituents in water are required to be tested every year according to the vulnerability of the water being pumped from certain basins.

In an effort to keep our customers informed, we are providing you with updated information because we feel well-informed customers/shareholders are our best allies. If, after reading this report, you have any questions or concerns, please call Don Hough, General Manager, or Craig Gudgeon, Operations Manager, at (909) 825-4128.

Also included in this brochure are our Financial Statements for 2022.

Incorporated February 21, 1898, Riverside Highland Water Company is proud to be celebrating its 125th year of continuous operation. This achievement could not have been attained without the ongoing support and involvement of our shareholders

In 2022, your drinking water met all Environmental Protection Agency (EPA) and State of California drinking water health standards. Riverside Highland Water Company diligently safeguards your water supply and will

Where Does My Water Come From?

In 2022, Riverside Highland Water Company pumped 72 percent of its water from company owned wells located in the San Bernardino and Riverside North Basins. These groundwater basins are deep natural underground storage compartments separated by earthquake faults or other natural barriers. Basins are replenished as water travels over the surface of the land or through the ground. That is why it is so important to control surface contamination.

During the year, the Company received 21 percent of its water from the Baseline Feeder. The Baseline Feeder consist of two wells and other water facilities located in the San Bernardino Basin under the control of San Bernardino Valley Municipal Water District. These facilities were paid for by

Definitions

- **MCL** Maximum Contaminant Level: The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHS's (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.
- **MCLG** Maximum Contaminant Level Goal: The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLG's are set by the U.S. Environmental Protection Agency.
- **PHG** Public Health Goal: The level of a contaminant in drinking water below which there is no known or expected risk to health. PHS's are set by the California Environmental Protection Agency.
- **PDWS** Primary Drinking Water Standard: MCLs, MRDLs and treatment techniques (TIs) for contaminants that affect health, along with their monitoring and reporting requirements.
- **AL** Regulatory Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirement that a water system must follow.

UNITS		EQUIVALENCE
mg/L- milligrams per liter	ppm- parts per million	1 second in 11.5 days
ug/L- micrograms per liter	ppb - parts per billion	1 second in nearly 32 years
ng/L-nanograms per liter	ppt - parts per trillion	1 second in nearly 32,000 years
pg/L - picograms per liter	ppq - parts per quadrillion	1 second in nearly 32,000,000 years

continue to improve our water delivery system in an effort to maintain our high water quality standards.

The ongoing goal of Riverside Highland Water Company's Management and Staff is to provide you, our customers/shareholders, with safe and reliable drinking water. We are committed to providing excellent customer service and will respond 24 hours a day, seven days a week, if you have a problem. All you have to do is call (909) 825-4128.

The company is managed by a nine member Board of Directors, of which, three are elected each year. The Board members for 2022 were James McNaboe, President; Karen McHugh, Vice President; Donald Larkin Jr., Secretary/Chief Financial Officer; Wendell Baker, George Saunders, Jennifer Thompson, Denis Kidd, Burt Seuylemezian and Gilbert Rangel. The daily operation of the company was the responsibility of Don Hough, General Manager; Jennifer Gimpel, Administrative Manager and Craig Gudgeon, Operations Manager.

Riverside Highland Water Company Board of Directors meet on the fourth Thursday of each month. The location of the meeting is 12374 Michigan Street, Grand Terrace, 92313. For additional information regarding Board meetings or this report, please call Mr. Hough at (909) 825-4128.

Riverside Highland Water Company along with two other agencies and are part of our production entitlement. We also received 7 percent of our water from the Encanto Booster, which is supplied by the City of San Bernardino.

In 2002, San Bernardino Valley Water Conservation District, with input from Riverside Highland Water Company, completed a study to assess the vulnerability of water wells in the Lytle Creek and Riverside North Basins. The study indicated that sources of possible contamination are gas stations, dry cleaners, and underground storage tanks.

To obtain a copy of the complete Source Water Assessment, contact the California State Water Resources Control Board.

- **MRDL** Maximum Residual Disinfectant Level: The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
- **MRDLG** Maximum Residual Disinfectant Level Goal: The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLG's do not reflect the benefits of the use of disinfectants to control microbial contaminants.
- **NA** Not available or not determined
- **ND** Non-Detected or below detection limit, constituent is not present or detectable.
- **Level 1 Assessment:** A Level 1 Assessment is a study of the water system to identify potential problems and determine (if possible) why total coliform bacteria have been found in our water system.
- **Level 2 Assessment:** A Level 2 Assessment is a very detailed study of the water system to identify potential problems and determine (if possible) why an (E.coli) MCL violation has occurred and/or why total coliform bacteria have been found in our water system on multiple occasions.

WATER MONITORING RESULTS

Microbiological Contaminants

Contaminant	Violation Y/N	Highest No. of detections	Number of months in Violation	Unit Measurement	MCLs in CCR units	PHG	MCLG	Baseline Feeder Result	The City of San Bernardino Result
Total Coliform Bacteria (Total Coliform Rule)	N	0	0	0	For systems that collect less than 40 samples per month: no more than 1 positive sample	0	0	0	0
Fecal coliform and E.coli (Total Coliform Rule)	N	0	0	0	A routine sample and repeat sample are total coliform positive, and one is also fecal coliform or <i>E. coli</i> positive	0	0	0	0

Radioactive Contaminants

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	PHG	MCLG or MRDLG	Baseline Feeder Result	The City of San Bernardino Result	Likely Source of Contamination
Gross Alpha	N	5.84	3.88-7.8	pCi/L	15	N/A	0	4.6	2.2	Erosion of natural deposits
Uranium	N	2.4	ND-7.14	pCi/L	20	0.43	N/A	3.2	1.8	Erosion of natural deposits

Inorganic Contaminants

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	PHG	MCLG or MRDLG	Baseline Feeder Range	The City of San Bernardino Result	Likely Source of Contamination
Arsenic	N	3.2	2.9-3.5	ug/L	10	0.004	N/A	0.57	ND	Erosion of natural deposits; runoff from orchards; glass and electronics production wastes
Fluoride	N	0.36	0.22-0.64	mg/L	2	1	N/A	0.38	0.37	Erosion of natural deposits; water additive that promotes strong teeth; discharge from fertilizer and aluminum factories
Nitrate-N	N	3.47	1.8-6.7	mg/L	10	10	N/A	3.7	3.8	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Total Chromium	N	1.15	1.1-1.2	ppb	50	N/A	100	0.0024	ND	Discharge from steel and pulp mills and chrome plating; erosion of natural deposits
Mercury	N	ND	ND	0.002 mg/L	2	1.2	1.2	N/A	ND	Erosion of natural deposits;- discharge from refineries and factories; runoff from landfills and cropland
Iron	N	ND	ND	0.3 mg/L	300ug/L	N/A	N/A	0.072	ND	Leaching from natural deposits; industrial wastes

Disinfection Byproducts, Disinfectant Residual

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	MCLG or MRDLG	Baseline Feeder Result	The City of San Bernardino Result	Likely Source of Contamination
TTHMs Total Trihalomethanes	N	5.34	1.4-9.2	ppb	80	N/A	N/A	N/A	Byproduct of drinking water disinfection
HAA5's	N	ND	ND	ppb	60	N/A	N/A	N/A	Byproduct of drinking water disinfection
Chlorine	N	0.99	0.79-1.08	ppm	4	4	1.1	0.83	Drinking water disinfection added for treatment

Secondary Standards

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	MCLG or MRDLG	Baseline Feeder Result	The City of San Bernardino Result	Likely Source of Contamination
Chloride	N	27	6.6-67	mg/L	500	N/A	11	17	Runoff/leaching from natural deposits; seawater influence
PH	N	7.9	7.7-8	ph Units	6.5/8.5	N/A	7.9	8	Comparison of "Alkalinity" & "Acidity" of water
Manganese	N	ND	ND	ug/L	40	N/A	0.018	ND	Leaching from natural deposits
Specific Conductance	N	506.67	340-840	us/cm	1600	N/A	510	520	Substances that form ions when in water; seawater influence
Sulfate	N	43.67	19-77	mg/L	500	N/A	53	53	Runoff/leaching from natural deposits; industrial wastes
Total Dissolved Solids (TDS)	N	320	220-510	mg/L	1000	N/A	319	350	Runoff/leaching from natural deposits
Turbidity	N	0.05	ND-0.14	NTU	5	N/A	0.23	ND	Soil Runoff

Additional Constituents Analyzed

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	PHG	MCLG or MRDLG	Baseline Feeder	The City of San Bernardino	Likely Source of Contamination
Calcium	N	61	47-80	mg/L	N/A	N/A	N/A	74	76	Natural in limestone, marble, chalk
Total Hardness CA C03	N	200	150-270	mg/L	N/A	N/A	N/A	230	250	Total concentration of calcium and magnesium
Total Alkalinity	N	193.3	140-270	ppm	N/A	N/A	N/A	200	230	Bicarbonates and hydroxide components in raw water
Bicarbonate	N	193.3	140-270	ppm	N/A	N/A	N/A	250	230	Bicarbonate components in water
Magnesium	N	10.6	7.2-16	mg/L	50	N/A	N/A	14	15	Metallic chemical element in soil
Sodium	N	34.2	9.7-82	mg/L	N/A	N/A	N/A	17	18	Alkaline element industrial and chemical manufacturing

Lead & Copper

Lead & Copper Rule became effective in 1993. The Company has performed ten rounds of sampling. The last round was performed in September 2021. The next round is scheduled for Summer 2024. All samples are taken from the first draw of morning water. The first two rounds were from 40 single-family residences with copper pipe with lead solder installed since 1982. Due to favorable results in earlier rounds, the 1997, 2000, and 2003 rounds included only 20 single-family residences. Because of the increase in our customer base, the 2006, 2009, 2012, 2015,2018 and 2021 round of testing required us to sample 30 single-family residences. In 2017 the Colton Unified School District requested, and RHWC sampled four schools for lead.

Contaminant	Sample Date	No. of Samples Collected	90th Percentile	No. of Sites Exceeding AL	MCLs in CCR Units	PHG	No. of Schools Requesting Lead Sampling	Likely Source of Contamination
Lead (ug/L)	September 2021	30	ND	0	15	0.2	4	Internal corrosion of household water plumbing systems; discharges from industrial manufacturers; erosion of natural deposits
Copper (ug/L)	September 2021	30	0.29	0	1300	300	Not Applicable	Internal corrosion of household plumbing systems; erosions of natural deposits; leaching from wood preservatives

Synthetic Organic Contaminants

Contaminant	Level Detected	Traditional MCL in mg/L	MCL in CCR Units	MCL in CCR Units	Baseline Feeder Result	The City of San Bernardino Result	Health Effects Language
1, 2, 3 - Trichloropropane (TCP)	0-ND	0.000005	0.005	0.0007	ND	0.0014	Some people who drink water containing 1, 2, 3, -TCP in excess of the MCL over many years may have an increased risk of getting cancer.

Leaks in the Home

According to the United States Environmental Protection Agency, leaks can account for nearly 10,000 gallons of water wasted every year and ten percent of homes have leaks that waste 90 gallons or more per day. They also state that fixing easily corrected household water leaks can save homeowners about 10 percent on their water bills.

A common waste of water that occurs in the home is a toilet leak. If a toilet is running constantly, it could be wasting 200 gallons of water or more every day. The cause of toilet leaks is most often an old, faulty toilet flapper. Over time, this inexpensive rubber part decays, or minerals build up on it. It's usually best to replace the entire rubber flapper, a relatively easy, inexpensive do-it-yourself project that will pay for itself in no time. One way to determine if you have a toilet leak is to place a drop of food coloring in the toilet tank. If the color shows up in the bowl within 15 minutes without flushing, you have a leak.

Other areas of concern are dripping faucets and showerheads. A leaky faucet that drips at the rate of one drip per second can waste more than 3,000 gallons of water in a year. These leaks can be reduced by checking faucet washers and gaskets for wear and replacing them if necessary. Most showerhead leaks can be repaired by either ensuring a tight connection using pipe thread sealer and a wrench or replacing the entire showerhead. All faucets should have aerators and all showerheads should be low-flow.

Outdoor valves such as irrigation valves and hose bibs should also be checked for leaks. The best indication of a leaking irrigation valve is water continuing to seep out of sprinkler heads long after the irrigation system has shut down. If this seepage is limited only to the lowest head on a zone and stops after a short time, then it is probably just residual water in the pipe. However, if the leak continues you may need to either repair or replace the irrigation valve. Irrigation systems should also be checked to ensure there are no broken sprinkler heads and should be adjusted according to the season. Most leaky hose bibs can be repaired by finding the packing nut under the spigot and tightening it. This is a simple process that requires only a wrench. If this is ineffective, it may be necessary for you to replace the hose bib.

Remember, before replacing some water fixtures and for some repairs you need to first turn off the water supply. If the water supply needs to be turned off at the meter for any reason, please call us. We will be more than happy to come out at any time and at no charge to you. We have personnel available 24 hours a day, seven days a week.