



12374 Michigan Street
Grand Terrace, CA 92313-5602

PRESORTED
STANDARD
US POSTAGE PAID
San Bernardino, CA
PERMIT NO. 2758

THINK • PLAN • PERFORM • CONSERVE

A scenic landscape photograph showing a calm body of water in the foreground, reflecting a range of rugged mountains with patches of snow under a clear blue sky. A dense forest of evergreen trees lines the shore. The company name is overlaid on the center of the image.

Riverside Highland
WATER COMPANY®

2019 *CONSUMER CONFIDENCE
& SHAREHOLDERS REPORTS*

RIVERSIDE HIGHLAND WATER COMPANY

BALANCE SHEETS

DECEMBER 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 408,580	\$ 384,345
Accounts receivable – trade	342,276	361,791
Accounts receivable – other	24,625	70,900
Contract assets	178,890	209,098
Prepaid expenses	20,538	20,615
Total Current Assets	<u>974,909</u>	<u>1,046,749</u>
PROPERTY AND EQUIPMENT, NET	<u>20,518,471</u>	<u>19,817,296</u>
OTHER ASSETS		
Investments	3,648,293	4,155,653
Water rights	663,267	604,979
Total Other Assets	4,311,560	4,760,632
Total ASSETS	<u>\$ 25,804,940</u>	<u>\$ 25,624,677</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

	2019	2018
CURRENT LIABILITIES		
Accounts payable	\$ 64,263	\$ 149,149
Accrued liabilities	87,964	65,218
Contract liabilities	105,480	130,900
Income taxes payable	<u>2,306</u>	<u>2,695</u>
Total Current Liabilities	<u>260,013</u>	<u>347,962</u>
SHAREHOLDERS' EQUITY		
Capital stock, par value \$10 per share; 80,000 shares authorized; 21,248 shares issued; 19,088 shares outstanding	190,880	191,160
Paid-in capital	291,553	291,273
Retained earnings	25,046,056	24,875,465
Accumulated other comprehensive income loss	<u>16,438</u>	<u>(81,183)</u>
Total Shareholders' Equity	<u>25,544,927</u>	<u>25,276,715</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 25,804,940</u>	<u>\$ 25,624,677</u>

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

RIVERSIDE HIGHLAND WATER COMPANY

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	2019	2018
REVENUES		
Water sales	\$ 2,717,340	\$ 2,996,758
Assessments	753,817	756,061
Penalties, transfers, and inspection fees	214,390	223,143
Total Revenues	<u>3,685,547</u>	<u>3,975,962</u>
EXPENSES		
Operations and Maintenance		
Pumping expense and water spreading	632,518	741,030
Transmission and storage	251,396	183,439
Quality control	177,021	203,848
Customer accounting	103,566	87,695
Automotive and other	<u>121,466</u>	<u>108,938</u>
Total Operations and Maintenance	<u>1,285,967</u>	<u>1,324,950</u>
General and Administrative		
Salaries	481,504	442,592
Payroll taxes	77,683	71,629
Employee benefits	309,849	273,282
Vacation, holiday, and sick pay	84,326	63,542
Office expense	48,661	44,162
Insurance	60,671	63,840
Professional services	167,531	175,348
Directors' fees	19,175	19,725
Dues, subscriptions, and water studies	13,809	42,826
Building maintenance	33,827	38,020
Property taxes	102,852	103,990
State regulatory agency fees	45,496	53,207
Depreciation	1,049,742	1,001,200
Other	<u>17,116</u>	<u>32,252</u>
Total General and Administrative	<u>2,512,242</u>	<u>2,425,615</u>
TOTAL EXPENSES	<u>\$ 3,798,209</u>	<u>\$ 3,750,565</u>

STATEMENTS OF COMPREHENSIVE INCOME (Continued)

	2019	2018
INCOME (LOSS) FROM OPERATIONS	\$ (112,662)	\$ 225,397
OTHER INCOME		
Charges for new service connections	154,086	352,001
Capital assessments	-	1,145,000
Investment income	66,149	67,267
Rents and royalties	3,700	3,700
Loss on disposal of assets	(1,247)	(4,210)
Gain (loss) on sale of securities	8,285	(6,659)
Other non-member income	<u>62,766</u>	<u>123,793</u>
	<u>293,739</u>	<u>1,680,892</u>
INCOME BEFORE INCOME TAXES	181,077	1,906,289
INCOME TAXES	<u>10,486</u>	<u>4,469</u>
NET INCOME	<u>170,591</u>	<u>1,901,820</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Gains (Losses) on Securities		
Unrealized gains (losses) arising during the year	105,906	(63,323)
Reclassification adjustment for (gains) losses realized	<u>(8,285)</u>	<u>6,659</u>
Other Comprehensive Income (Loss)	<u>97,621</u>	<u>(56,664)</u>
COMPREHENSIVE INCOME	<u>\$ 268,212</u>	<u>\$ 1,845,158</u>

Monday thru 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 2019. 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, 2019. 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, Distribution Superintendent, at (909) 825-4128.

Also included in this brochure are our Financial Statements for 2019.

Incorporated February 21, 1898, Riverside Highland Water Company is proud to be celebrating its 122nd year of continuous operation. This achievement could not have been attained without the ongoing support and involvement of our shareholders.

In 2019, 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 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 2019 were William McKeever, President; Karen McHugh, Vice President; James McNaboe, Secretary/Treasurer; Wendell Baker, George Saunders, Jennifer Thompson, Denis Kidd, Donald Larkin Jr., and Burt Seuylemezian. The daily operation of the company was the responsibility of Don Hough, General Manager; Jennifer Gimpel, Administrative Secretary/Treasurer and Craig Gudgeon, Distribution Superintendent.

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.

Where Does My Water Come From?

In 2019, Riverside Highland Water Company pumped 83 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 17 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 Riverside Highland Water Company along with two other agencies and are part of our production entitlement.

Riverside Highland Water Company received water from The City of San Bernardino on an emergency basis for less than one day. The total water received was less than 1 percent of our total production for the year.

Source Water Protection Plan

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.

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 (TTs) 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.
- **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.

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

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).

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Riverside Highland Water Company is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/lead>.

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.

Pesticides and Herbicides, that may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses.

Organic Chemical Contaminants, including synthetic and volatile chemicals that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural applications and septic systems.

Radioactive Contaminants, that can be naturally-occurring or be the result of oil and gas production and mining activities.

Regulations: In order to ensure that tap water is safe to drink, the U.S. EPA and the State Water Resources Control Board (State Board) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. State Board regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Nitrate: Nitrate in drinking water at levels above 10 mg/L is a health risk for infants of less than six month of age. Such nitrate levels in drinking water can interfere with the capacity of the infant's blood to carry oxygen resulting in a serious illness; symptoms include shortness of breath and blueness of skin. Nitrate levels above 10 mg/L may also affect the ability of the blood to carry oxygen in other individuals, such as pregnant women and those with certain specific enzyme deficiencies. If you are caring for an infant, or you are pregnant, you should ask advice from your health care provider.

"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.

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	Typical Source of Bacteria
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	Naturally present in the environment
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 E. coli positive	0	0	Human & animal fecal waste

Radioactive Contaminants

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	PHG	MCLG or MRDLG	Baseline Feeder		The City of San Bernardino Average	Likely Source of Contamination
								Range	Average		
Gross Alpha	N	5.21	2.52/10.10	pCi/L	15	N/A	0	5.5/5.6	5.6	9.04	Erosion of natural deposits
Uranium	N	7.9	3.3/17	pCi/L	20	0.43	N/A	3.5/5.1	4.3	2.36	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		The City of San Bernardino Result	Likely Source of Contamination
								Range	Average		
Arsenic	N	1.1	ND/2	ug/L	10	0.004	N/A	1.1/3.2	1.8	ND	Erosion of natural deposits; runoff from orchards; glass and electronics production wastes
Fluoride	N	0.4	0.2/0.66	mg/L	2.0	1	N/A	0.26/0.77	0.46	0.31	Erosion of natural deposits; water additive that promotes strong teeth; discharge from fertilizer and aluminum factories
Nitrate-N	N	3	1.9/4.6	mg/L	10	10	N/A	2.3/6.2	4.2	3.5	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Hexavalent Chromium	N	0.56	ND/1.3	ppb	10	0.02	N/A	N/A	N/A	N/A	Discharge from electroplating factories, leather tanneries, wood preservation, chemical synthesis, refractory production and textile manufacturing facilities; erosion of natural deposits
Total Chromium	N	0.9	ND/1.8	ppb	50	N/A	100	N/A	N/A	2.4	Discharge from steel and pulp mills and chrome plating; erosion of natural deposits
Barium	N	0.01	ND/0.04	ppm	1.0	2	N/A	N/A	N/A	0.041	Discharges of oil drilling wastes and from metal refineries; erosion of natural deposits
Mercury	N	0	ND	0.002 mg/L	2	1.2	1.2	N/A	N/A	ND	Erosion of natural deposits; discharge from refineries and factories; runoff from landfills and cropland
Iron	N	0	ND	0.3 mg/L	300ug/L	N/A	N/A	ND	ND	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		The City of San Bernardino Result	Likely Source of Contamination
							Range	Average		
TTHMs Total Trihalomethane	N	2.25	0.5/4.4	ppb	80	N/A	N/A	N/A	N/A	Byproduct of drinking water disinfection
HAA5's	N	0.58	ND/2.2	ppb	60	N/A	N/A	N/A	ND	Byproduct of drinking water disinfection
Chlorine	N	1.08	0.50/1.66	ppm	4	4	1.00/1.84	1.36	N/A	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		The City of San Bernardino Result	Likely Source of Contamination
							Range	Average		
Chloride	N	24	3.8/62	mg/L	500	N/A	NR/10	10	16	Runoff/leaching from natural deposits; seawater influence
PH	N	8	8/8.1	ph Unit	6.5/8.5	N/A	7.7/8.0	7.9	7.9	Comparison of "Alkalinity" & "Acidity" of water
Manganese	N	0.82	ND/1.2	ug/L	40	N/A	N/A	N/A	ND	Leaching from natural deposits
Specific Conductance	N	520	350/850	us/cm	1600	N/A	490/530	510	510	Substances that form ions when in water; seawater influence

Secondary Standards (cont.)

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	MCLG or MRDLG	Baseline Feeder		The City of San Bernardino Result	Likely Source of Contamination
							Range	Average		
Sulfate	N	48	21/95	mg/L	500	N/A	50/51	51	47	Runoff/leaching from natural deposits; industrial wastes
Total Dissolved Solids (TDS)	N	323	220/520	mg/L	1000	N/A	260/360	327	320	Runoff/leaching from natural deposits
Turbidity	N	0.21	0.1/41	NTU	5	N/A	ND/0.4	ND	0.18	Soil Runoff
Copper	N	0	ND	1.0mg/L	1.0mg/L	N/A	N/A	N/A	ND	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives

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 Level Detected	Likely Source of Contamination
								Range	Average		
Calcium	N	62	51/84	mg/L	N/A	N/A	N/A	70/73	72	69	Natural in limestone, marble, chalk
Total Hardness CA CO3	N	200	160/280	mg/L	N/A	N/A	N/A	230/230	230	230	Total concentration of calcium and magnesium
Total Alkalinity	N	180	140/290	ppm	N/A	N/A	N/A	180/210	197	190	Bicarbonates and hydroxide components in raw water
Bicarbonate	N	187	150/250	ppm	N/A	N/A	N/A	N/A	N/A	190	Bicarbonate components in water
Magnesium	N	11	7.4/17	mg/L	50	N/A	N/A	N/A	N/A	13	Metallic chemical element in soil
Potassium	N	3	2/4.7	mg/L	N/A	N/A	N/A	N/A	N/A	3.3	Nutritional element in soil for humans
Sodium	N	35.5	9.3/67	mg/L	N/A	N/A	N/A	15/17	16	17	Alkaline element industrial and chemical manufacturing

Unregulated Contaminants

Unregulated contaminant monitoring helps the EPA and the California Department of Health Services to determine where certain contaminants occur and whether the contaminants need to be regulated.

Chemical	Sample Date	Notification Level ppb	Level Detected	Range	Baseline Feeder		The City of San Bernardino		Health Effects
					Range	Average	Range	Average	
Vanadium (ug/L)	2015	50	2.8	ND / 4.0	3.8/4.4	4.1	2/4.6	3.04	The babies of some pregnant women who drink water containing vanadium in excess of the notification level may have an increased risk of development effects, based on studies in laboratory animals.
Hexavalent Chromium (ug/L)	2015	N/A	0.88	.35/1.11	ND	1.2	ND/3.6	ND	Discharge from electroplating factories, leather tanneries, wood preservation, chemical syntheses, refractory production, and textile manufacturing; erosion of natural deposits
Chlorate (ug/L)	2015	800 ug/l	42	ND/64	N/A	N/A	ND/170	52.6	Chlorate exposures resulted in pituitary gland vacuolization and thyroid gland depletion in rats
Bromide (ug/L)	2018	No Standard	25	23/26	N/A	N/A	N/A	N/A	No Standard Health Language

Lead & Copper

Lead & Copper Rule became effective in 1993. The Company has performed nine rounds of sampling. The last round was performed in August 2018. The next round is scheduled in August 2021. 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 and 2018 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)	08-2018	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)	08-2018	30	0.51	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	Health Effects Language
1, 2, 3 - Trichloropropane (TCP)	0/ND	0.000005	0.005	0.0007	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.