

RIVERSIDE HIGHLAND WATER COMPANY

BALANCE SHEETS

DECEMBER 31, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 331,714	\$ 849,161
Accounts receivable – trade	393,642	489,068
Accounts receivable – other	63,436	24,996
Contract assets	349,024	332,493
Prepaid expenses	35,774	29,662
Total Current Assets	<u>1,173,590</u>	<u>1,725,380</u>
PROPERTY AND EQUIPMENT, NET	<u>42,209,535</u>	<u>41,153,119</u>
OTHER ASSETS		
Investments	9,838,004	8,974,701
Water rights	1,270,111	735,759
Total Other Assets	<u>11,108,115</u>	<u>9,710,460</u>
Total ASSETS	<u>\$ 54,491,240</u>	<u>\$ 52,588,959</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

	2023	2022
CURRENT LIABILITIES		
Accounts payable	\$ 607,575	\$ 482,004
Accrued liabilities	96,940	84,842
Contract liabilities	2,599,145	1,306,600
Income taxes payable	3,271	11,683
Total Current Liabilities	<u>3,306,931</u>	<u>1,885,129</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	190,260
Paid-in capital	292,173	292,173
Retained earnings	50,688,803	50,275,962
Accumulated other comprehensive income loss	13,073	(54,565)
Total Shareholders' Equity	<u>51,184,309</u>	<u>50,703,830</u>
Total LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 54,491,240</u>	<u>\$ 52,588,959</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/FDBPPrograms/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, 2023 and 2022

	2023	2022
REVENUES		
Water sales	\$ 4,056,047	\$ 4,282,589
Assessments	987,239	987,418
Penalties, transfers, and inspection fees	249,239	244,555
Total Revenues	<u>5,292,585</u>	<u>5,514,562</u>
EXPENSES		
Operations and Maintenance		
Pumping expense and water spreading	1,115,009	1,226,180
Transmission and storage	443,656	456,165
Quality control	231,322	235,067
Customer accounting	105,670	126,478
Automotive and other	172,295	155,872
Total Operations and Maintenance	<u>2,067,952</u>	<u>2,199,762</u>
General and Administrative		
Salaries	607,970	573,585
Payroll taxes	116,837	56,512
Employee benefits	351,956	290,286
Vacation, holiday, and sick pay	101,973	107,056
Office expense	65,488	89,897
Insurance	123,842	86,040
Professional services	180,673	176,565
Directors' fees	29,200	19,775
Dues, subscriptions, and water studies	14,619	4,563
Building maintenance	80,136	58,611
Property taxes	123,783	173,534
State regulatory agency fees	58,200	58,235
Depreciation	1,637,010	1,246,803
Other	27,535	33,977
Total General and Administrative	<u>3,519,222</u>	<u>2,975,439</u>
TOTAL EXPENSES	<u>\$ 5,587,174</u>	<u>\$ 5,175,201</u>

STATEMENTS OF COMPREHENSIVE INCOME (Continued)		
	2023	2022
INCOME FROM OPERATIONS	<u>\$ (294,589)</u>	<u>\$ 339,361</u>
OTHER INCOME		
Charges for new service connections	336,150	114,483
Contribution of Water Facilities	-	20,489,125
Investment income	320,814	248,778
Rents and royalties	3,700	3,700
Gain on disposal of assets	-	28,458
Gain (Loss) on investments	75,186	(464,169)
Total Other Income	<u>735,850</u>	<u>20,420,375</u>
INCOME BEFORE INCOME TAXES	<u>441,261</u>	<u>20,759,736</u>
INCOME TAXES	<u>28,420</u>	<u>(174,188)</u>
NET INCOME	<u>412,841</u>	<u>20,933,924</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Gains (Losses) on Debt Securities		
Unrealized losses arising during the year	67,863	(83,445)
Reclassification adjustment for (gains) losses realized	(225)	(342)
Total Other Comprehensive Income (Loss)	<u>67,638</u>	<u>(83,787)</u>
COMPREHENSIVE INCOME	<u>\$ 480,479</u>	<u>20,850,137</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 2023. 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, 2023. 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 2023.

Incorporated February 21, 1898, Riverside Highland Water Company is proud to be celebrating its 126th year of continuous operation. This achievement could not have been attained without the ongoing support and involvement of our shareholders.

In 2023, 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 2023 were James McNaboe, President; Karen McHugh, Vice President; Donald Larkin Jr., Secretary/Chief Financial Officer; Wendell Baker, Denis Kidd, Gilbert Rangel, George Saunders, Burt Seuylemezian and Jennifer Thompson. Vice President McHugh resigned last year and was replaced as Vice President by Jennifer Thompson and Bryan Hegardt was appointed to the Board. 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.

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

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	Feeder 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
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

Radioactive Contaminants

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	PHG	MCLG or MRDLG	Baseline Feeder Result	Likely Source of Contamination
Gross Alpha	N	5.84	3.88-7.8	pCi/L	15	N/A	0	4.6	Erosion of natural deposits
Uranium	N	2.4	ND-7.14	pCi/L	20	0.43	N/A	3.2	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	Likely Source of Contamination
Arsenic	N	3.2	2.9-3.5	ug/L	10	0.004	N/A	0.57	Erosion of natural deposits; runoff from orchards; glass and electronics production wastes
Fluoride	N	0.36	0.22-0.64	mg/L	2.0	1	N/A	0.38	Erosion of natural deposits; water additive that promotes strong teeth; discharge from fertilizer and aluminum factories
Nitrate-N	N	2.77	1.9-4.5	mg/L	10	10	N/A	4	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	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	Erosion of natural deposits; - discharge from refineries and factories; run of from landfills and cropland
Iron	N	ND	ND	0.3 mg/L	300ug/L	N/A	N/A	0.099	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	Likely Source of Contamination
TTHMs Total Trihalomethane	N	3.02	1.4-14	ppb	80	N/A	N/A	By product of drinking water disinfection
HAA5's	N	ND	ND	ppb	60	N/A	N/A	By product of drinking water disinfection
Chlorine	N	0.99	0.79-1.08	ppm	4	4	1.1	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 Range	Likely Source of Contamination
Chloride	N	27	6.6-67	mg/L	500	N/A	11	Runoff/leaching from natural deposits; seawater influence
PH	N	7.9	7.7-8	ph Units	6.5/8.5	N/A	7.7	Comparison of "Alkalinity" & "Acidity" of water
Manganese	N	ND	ND	ug/L	40	N/A	0.022	Leaching from natural deposits
Specific Conductance	N	506.67	340-840	us/cm	1600	N/A	510	Substances that form ions when in water; seawater influence
Sulfate	N	43.67	19-77	mg/L	500	N/A	53	Runoff/leaching from natural deposits; industrial wastes
Total Dissolved Solids (TDS)	N	320	210/510	mg/L	1000	N/A	326	Runoff/leaching from natural deposits
Turbidity	N	0.05	ND-0.14	NTU	5	N/A	0.29	Soil Runoff

Additional Constituents Analyzed

Contaminant	Violation Y/N	Level Detected	Range	Unit Measurement	MCLs in CCR units	PHG	MCLG or MRDLG	Baseline Feeder	Likely Source of Contamination
Calcium	N	61	47-80	mg/L	N/A	N/A	N/A	74	Natural in limestone, marble, chalk
Total Hardness CA CO3	N	200	150-270	mg/L	N/A	N/A	N/A	230	Total concentration of calcium and magnesium
Total Alkalinity	N	193.3	140-270	ppm	N/A	N/A	N/A	200	Bicarbonates and hydroxide components in raw water
Bicarbonate	N	193.3	140-270	ppm	N/A	N/A	N/A	250	Bicarbonate components in water
Magnesium	N	10.6	7.2-16	mg/L	50	N/A	N/A	14	Metallic chemical element in soil
Sodium	N	34	10/82	mg/L	N/A	N/A	N/A	17	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)	09-2021	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)	09-2021	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	Health Effects Language
1, 2, 3 - Trichloropropane (TCP)	0/ND	0.000005	0.005	0.0007	ND	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.

Where Does My Water Come From?

In 2023, Riverside Highland Water Company pumped 85 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 15 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.

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.