

CRESCENTA VALLEY WATER DISTRICT

2700 Foothill Boulevard
La Crescenta, California

Agenda for the
Regular Meeting of the Board of Directors
of the Crescenta Valley Water District
to be held on December 9, 2014 at 7:00 p.m.

Posted: December 5, 2014 at 3:00 p.m.

Any written materials distributed to the Board in connection with this agenda will be made available at the same time for public inspection at the District office located at the above address.

Call to Order and Determination of Quorum

Pledge of Allegiance

Adoption of Agenda

Oath of Office Michael L. Claessens

Public Comments

At this time the public shall have an opportunity to comment on any non-agenda item relevant to the subject matter jurisdiction of the Board. This opportunity is non-transferable and speakers are limited to one three (3) minute comment.

Foothill Municipal Water District Report

1. Report on activities at Foothill Municipal Water District.

Consent Calendar

1. Consideration and approval of the Minutes of the Adjourned Regular Meeting on November 19, 2014.
2. Ratification of Disbursements for November 2014.

Action Calendar

The public shall have an opportunity to comment on any action item as each item is considered by the Board prior to action being taken. This opportunity is non-transferable and speakers are limited to one two (2) minute comment.

1. **Board Reorganization** – Election of President and Vice President of the Board of Directors and Committee Appointments for 2015.
2. **Update on a Request to Place a Storage Container on District Property** – Consideration and motion to eliminate the requirement to provide liability insurance on a request by C V Ready to place a container on District property at the Edmund I Reservoir site previously approved by the Board.
3. **Acceptance of Audited Financial Statements for Fiscal Year 2013-14** – Consideration and motion to accept the Audited Financial Statements for Fiscal Year 2013-14.
4. **Temporary Employee** – Consideration and motion to authorize an additional six month extension for the Utility Worker I temporary employee.
5. **Investment Policy for 2015** – Consideration and motion to adopt Resolution No. 722 outlining the District's Investment Policy for 2015.

Information Items

Written Communications to District

Staff Reports

Secretary-Treasurer

1. Cash and Investments –December 9, 2014.

General Manager

1. Administrative Report.

District Engineer

1. Water Production Report –November 2014 & December 1-7, 2014.
2. Report on Administrative and Field Operations.

Program Specialist

1. Report of Water Conservation issues.

Information Technology

1. Report of Information Technology issues.

Attorney

1. Report on legal and related matters relevant to the District.

Reports of Committees

Engineering Committee

1. Consideration of engineering issues affecting the District.

Finance Committee

1. Consideration of financial issues affecting the District.

Employee Relations Committee

1. Consideration of employee relations issues affecting the District.

Policy Committee

1. Consideration of policy issues affecting the District.

Community Relations/Water Conservation Committee

1. Consideration of community/water conservation issues affecting the District.

Emergency Planning Committee

1. Consideration of emergency planning issues affecting the District.

Director's Oral Reports

Report on issues, meetings, or activities attended by Directors.

Closed Session

- **Public Employee Appointment (§54957)**
 - Title: General Manager
- **Conference with Legal Counsel**
 - Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One case.

Board Members' Request for Future Agenda Items

Adjournment

CRESCENTA VALLEY WATER DISTRICT

ADJOURNED REGULAR MEETING, BOARD OF DIRECTORS

November 19, 2014

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District, made at the Regular Meeting of November 4, 2014, an Adjourned Regular Meeting was held on November 19, 2014, at 7:00 p.m. at the District office at 2700 Foothill Blvd., La Crescenta, California, with President James D. Bodnar presiding.

At roll call, the following Directors and staff members were present:

Directors:

James D. Bodnar
Kerry D. Erickson (Absent)
Kenneth R. Putnam
Kathleen M. Ross
Judy L. Tejeda

Attorney:

Thomas S. Bunn

General Manager:

Dennis Erdman

Secretary-Treasurer:

Ron L. Mitchell (Absent)

District Engineer:

David S. Gould

Others Present:

Christ Scott, Regulatory & Public Affairs Mgr.
Wendy Holloway, Customer Accounts Supervisor
Larry Byers, Superintendent

PLEDGE OF ALLEGIANCE

President Bodnar opened the meeting by leading the Board and staff in reciting the Pledge of Allegiance.

ADOPTION OF AGENDA

President Bodnar announced that there is a late agenda item to be added after the posting of the original agenda and they need a 2/3 vote to take immediate action on this item regarding Resolution 721 for Grant Funding for Proposition 84.

It was moved by Director Tejeda, seconded by Director Ross and carried a 4-0 vote to add Resolution No. 721 to the agenda.

It was moved by Director Ross, seconded by Director Tejeda and carried by a 3-1 (Putnam) vote that the Agenda for the Adjourned Regular Meeting of November 19, 2014 be approved as amended.

PUBLIC COMMENT – None

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Mr. Erdman reported that he attended the FMWD Meeting on November 17, 2014 and they had no action items, however there were two Consent items that were passed. One is to employ the services of Mike Sovich to work on capital projects and give engineering support. He is authorized to work up to 960 hours per year. The second one was on making modifications on overtime rules to include all employees. They also recognized Director Edwards for his years of service on the MWD Board and Director Wiberg for his service on the FMWD Board. They were presented with certificates and mementos for their service to Foothill.

CONSENT CALENDAR

It was moved by Director Ross, seconded by Director Tejeda and carried by a 4-0 vote to approve the Minutes of the Regular Board Meeting held on November 4, 2014 with the amendments as discussed.

It was moved by Director Ross, seconded by Director Tejeda and carried by a 4-0 vote to approve the Special Minutes held on November 5, 2014 and for the Ratification of the Disbursements for October 2014 which consisted of:

Payment of demands against the Crescenta Valley Water District on or before September 30, 2014 the same having been approved by the General Manager, Dennis A. Erdman, and heretofore paid, be ratified and approved subject to audit, in the aggregate sum of Seven Hundred Sixty Thousand Five Hundred Eight One Dollars and Ninety cents (760,581.90), which is composed of the individual items set forth herein.

Recognition of Director Ross for 11 Years of Service to the District – President Bodnar presented Director Ross with two plaques, one is a Resolution of Appreciation from CVWD, and the other one is a Commendation from Supervisor Michael Antonovich for her years of service to the District.

ACTION CALENDAR

Amendment to Rate Structure for Large Lots – Ms. Scott reported that over the last several years there has been discussion regarding large lots and has come back to the Board with no action taken. Ms. Scott outlined the process for applying for and receiving any large lot exemption and the definition of a large lot. She then reviewed the financial impact of two options the Board could consider which are to bill these accounts at tier 2 rates or irrigation rates. Ms. Scott also said that the District's billing system does not contain an option for water budgets or seasonal rates and it is estimated that to incorporate this feature would be a one-time set up fee of \$8,000 and an annual maintenance cost increase of \$1,500. After discussion, the Board referred this back to the Policy Committee.

Well Operation and Water Purchase/Sale Agreement and Land Lease Agreement for the Rockhaven Well Project, Project E-940 – Mr. Gould reported that staff has the final Well Operation and Water Purchase/Sale Agreement (Agreement) for approval by the Board of Directors. The major elements of the Agreement include the following: Land Lease Term - Existing Well and Infrastructure Cost – Water Usage Cost – Land Lease Cost. Staff also has the final Lease Agreement (Lease) for approval by the Board of Directors. The major elements of

the Lease include the following: Land Lease Term – Use of Premises – Rent – Maintenance and Repairs. After discussion, staff recommended approval of the Agreement and Lease with GWP. The Agreement and Lease will be brought by GWP staff to the Glendale City Council within the next few weeks for approval.

It was moved by Director Bodnar, seconded by Director Ross and carried by a 4-0 vote to authorize the General Manager to enter into a Well Operation and Water Purchase/Sale Agreement and a Land Lease Agreement with the City of Glendale for the Rockhaven Well/ Well 16 Project E-940.

Professional Service Agreement for ULARA Legal Services – Mr. Gould reported that the ULARA Administrative Committee (AC) requested that a Request for Proposal (RFP) be sent out to prospective firms to provide legal services for the period from January 1, 2015 to December 31, 2017. The AC also requested that CVWD continue administering the professional services agreement for the Watermaster's Special Counsel. The RFP was sent to eight (8) firms and six (6) proposals were received by CVWD. The Watermaster and the AC's legal counsels met to discuss the proposals and agreed to retain the services of Downey Brand Attorneys, LLP for the next three (3) year period. The budget approved by the AC legal service was not-to-exceed \$75,000 per year. All work will be performed on an as-needed basis at the specific request of the Watermaster. The District will continue administering the contract and the Special Counsel will invoice the District on a monthly basis who will in turn invoice each of the parties for their share in accordance with the amended cost-sharing agreement and replenish that account.

It was moved by Director Ross, seconded by Director Tejeda and carried by a 4-0 vote to authorize the General Manager to enter into a professional services agreement with Downey Brand Attorneys, LLP and the ULARA Watermaster for administration of ULARA Legal Services.

ULARA Cost Sharing Agreement – 2015 – 2018 – Mr. Gould reported that in December 2008, CVWD entered into a three-year Memorandum of Understanding (MOU) for allocation of costs of Watermaster Services for the Upper Los Angeles River Area (ULARA) with other ULARA parties to retain the services of Richard Slade as the Watermaster. In December 2011, the MOU was updated to include the allocation of costs of Watermaster Services and the Watermaster's Legal Services for ULARA for the period January 1, 2012 to December 31, 2014. The Watermaster Administrative Committee (AC) approved a cost sharing agreement which allocates responsibility among the agencies for the fees and costs incurred by the Watermaster. The total Watermaster budget will be allocated between the agencies in proportion to their average annual extractions of groundwater from each basin. The AC has been working with the Watermaster to develop a scope of work and fee for the amended contract from January 1, 2015 to December 1, 2017. The consultant fee for the Watermaster in the Amendment No. 1 for the MOU shall not exceed \$1,530,500 for services rendered for Tasks 1, 2, and 3. Consultant's annual fees during the term shall not exceed: \$510,500 in year 2015, \$510,500 in year 2016, and 509,500 in year 2017. In addition, the Consultant's fee shall not exceed \$470,000 for services rendered for Task 4. It is staff's recommendation to approve Amendment No. 1 for the MOU.

It was moved by Director Ross, seconded by Director Tejeda and carried by a 4-0 vote to authorize the General Manager to enter into an Amendment No. 1 for the MOU for Allocation of Cost of Watermaster and Watermaster's Legal Services for ULARA.

Replacement of Motor Control Center at Oak Creek Reservoir, Project E-931 – Mr. Gould reported that on October 7, 2014, the Board authorized the General Manager to advertise for bids for the subject project. A mandatory pre-bid meeting was held on October 14, 2014 that was attended by a number of electrical contractors. It was discussed during the meeting that additional information was needed from Southern California Edison, the construction schedule needed to be revised relative to shop drawing submittals and MCC equipment delivery and there was a request by contractors to increase the bidding period. Staff revised the mandatory pre-bid meeting to November 5, 2014, which was attended by six (6) contractors. On November 12, 2014, the District opened and read the bids proposals and California Building Evaluation & Construction, Inc. (CBEC) of Buena Park, CA was the apparent lowest responsible bidder. The engineer's estimate was \$293,700 and the low bid was 5.3% higher than the engineer's estimate at \$309,300. CBEC provided a list of references which included work done for the Cities of Solana Beach, Buena Park and Long Beach. In general the comments were that CBEC and its sub-contractors did a good job, and were please with their work, changes orders were minimal and they had a good understanding of the project. However, the references contacted were for projects that were commercial and industrial work. Staff contacted CBEC about this and they understood the scope of the project and its relation to the pump and motors for a Water District. It is staff's recommendation to award the contract for the subject project to the lowest responsible bidder, CBEC Services at a cost of \$309,300. Staff is also working on a community outreach program for the project. This project is exempt from California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA guidelines.

It was moved by Director Ross, seconded by Director Tejeda and carried a vote of 4-0 to authorize the General Manager to award a contract to the lowest responsible bidder, California Building Evaluation & Construction, Inc. for the replacement of the motor control center at Oak Creek Reservoir at a cost of \$309,300 and to establish a contingency amount of \$31,000 (10% of contract).

Request for Qualification and Professional Service Agreements for Annual Consulting Services Contracts, Project M-951 – Mr. Gould reported the at the Engineering Committee meeting on November 14, 2014, the status of the FY 2014/15 CIP program and indicated that a number of projects are behind schedule due to the addition of work for Ocean View Reservoir overflow/drain line, the Verdugo/Honolulu main break and the accelerated schedule for the Rockhaven Well project. Staff also discussed the time line schedule required to complete the projects for which CVWD has received grants. The Engineering Committee had a concern that staff will not meet the goal of completing the FY14/15 \$2M CIP program with the additional workload and has recommended staff look into using consultants to assist the Engineering Department. It was suggested that staff put together annual contracts with at least three (3) consulting firms that could perform the necessary work to complete a project within the required project schedule. Staff will be preparing a Request of Qualifications that will be sent to 6 -10 engineering firms to provide as-needed engineering services. Staff's plan is to review the statement of qualifications and meet with at least three (3) firms to set up "as-needed" annual contracts for engineering services. The contracts will be for \$30,000 with each firm and will be

for the remainder of FY 2014/15. At the end of the fiscal year, the contracts and CVWD's project schedule will be reviewed to determine if additional services are needed. It is staff's recommendation to prepare a Request for Qualifications for engineering services to be sent to a number of engineering firms to provide as-needed consulting services. After reviews, staff will select at least three (3) firms to provide engineering services and enter into a contract for annual services not to exceed \$30,000 for each firm.

It was moved by Director Putnam, seconded by Director Ross and carried by a 4-0 vote to authorize the General Manager to request qualifications from professional consulting firms and to enter into professional service agreements with a maximum of three (3) consulting firms with a total cost not-to-exceed \$90,000 to provide as-needed engineering services to assist the Engineering Department.

Resolution 721 – Mr. Gould reported that as a requirement for receiving Proposition 84 Grant Funding, an agency must be in compliance with applicable laws, including California Labor Code (CLC) requirements of prevailing wage. These provisions will become an obligation for the grant recipient under the terms of the Grant Agreement with Department of Water Resources (DWR). In 2006, CVWD began working with Contractor Compliance and Monitoring, Inc. (CCM), to meet this requirement as part of the Proposition 50 Grant for the CVWD/LADWP Emergency Interconnection project. DWR has issued a request for information which is due by December 12, 2014 for the Rockhaven Well grant; however, since LA County is administrating the grant, they have requested the information by December 2, 2014. One of the items requested was a Labor Compliance Program letter verifying that CVWD has a Labor Compliance Plan. Staff contacted CCM and found that the District is not on the State's Labor Compliance database. Staff discussed with CCM about the next course of action within the short time-frame and they indicated that CVWD must adopt a Resolution regarding the Labor Compliance Program and submit an application to the Department of Industrial Relations. They also stated that if the proper paperwork was completed, they could get the application approved by December 2, 2014. The Labor Compliance Program contains the labor compliance standards required by the State for project subject to the requirements of Proposition 84. It is staff's recommendation to adopt Resolution No. 721 regarding adopting and implementing Labor Compliance Provisions on certain Public Works Contracts.

It was moved by Director Tejeda, seconded by Director Putnam to adopt Resolution No. 721 regarding adopting and implementing Labor Compliance Provisions on certain Public Works Contracts by the following roll call vote:

AYES:	Director Bodnar
AYES:	Director Putnam
AYES:	Director Ross
AYES:	Director Tejeda
NOES:	None
ABSENT:	Director Erickson

Regulatory and Public Affairs Manager – Mr. Erdman reported that the Employee Relations Committee has been meeting regarding this position. The regulatory climate has changed dramatically over the past ten years. There are numerous new regulations which have increased the cost, complexity, and time it take to remain compliant and knowledgeable of all of the mandatory regulatory requirements. Enhanced regulatory requirements coupled with pertinent issues the District has experienced including, a copper violation, NPDES permit violations, and MTBE contamination created the need for a fulltime professional to manage and administer the District's regulatory responsibilities. In 2008, all of the regulatory responsibilities were moved from the District Engineer position to the Program Specialist position. At that time the Program Specialist had been assisting with the compliance work. Several weeks ago the job description and title for the Program Specialist position was changed to Regulatory and Public Affairs Manager in order to reflect the scope of the jobs current responsibilities. This position will still oversee and manage to District's Conservation Program, however, the primary responsibility of this job is to ensure the safety and quality of the District's water and ensure that the District remains compliant with all regulatory agencies. A survey from people who do this kind of work in this industry was provided and the Employee Relations Committee has discussed the salary ranges from different water agencies indicating an appropriate salary range for this position should be from \$8,200 to \$10,500. It's Mr. Erdman's recommendation to adopt this salary range for this position. The Committee has recommended that the Regulatory and Public Affairs Manager position initially should receive a 5% increase to the existing Program Specialist salary scale, and further recommended that the proposed salary range should be examined in conjunction with a review of all of the CVWD management position salary ranges.

It was moved by Director Tejeda, seconded by Director Ross to adjust the salary range for the Regulatory and Public Affairs Manager by a 5% increase. The Motion failed by a 2-1-1 (Bodnar, no) – (Putnam, abstained) vote.

INFORMATION ITEMS – Glendale Newspress: CV Water District elects new Board Member. www.waterboards.ca.gov: Santa Cruz residents using least water in state.

WRITTEN COMMUNICATIONS TO DISTRICT – None

REPORTS OF PERSONNEL

SECRETARY-TREASURER – No Report.

GENERAL MANAGER – Mr. Erdman reported that the District has worked 162 days without a loss time accident. There are still 2 employees that are still out on medical leave, 1 employee had knee surgery, and the other one is out due to an on-the-job back injury. We have one temporary employee helping out in the field.

DISTRICT ENGINEER

Water Production – For the period of November 1 through November 16, 2014, water production averaged 54.3 million gallons per day, which is **19.6% less** than the daily average production of the same period in 2013. This is **15.2% less** from the daily average production of the previous five years.

Rainfall: November 2014 **0.73"**
Season-to-date: **0.73"**

Administrative and Field Operations – Mr. Gould provided a memorandum and discussed the following:

Rainfall Update – 0.73" for November 2014. Rainfall total for 2014-15 is at 0.73".

Report on Engineering:

CIP Projects – Well Rehabilitation, E-934 – Well 11 – Pump Pulled. Ocean View Chlorination Project – Piping project – Under Construction, 95% complete. Oak Creek MCC – Award of Contract – November 2014. Eagle Canyon – Booster B – new pump - December 15, 2014. Pipeline Replacement – 8-inch water main – Starting January 2015. Ordunio Wall – Working on permit from Glendale. Sewer Relining Project – Waiting on Shop Drawings; start date mid-December 2014.

Crescenta Valley County Park -Local Groundwater Assistance Grant – Flow Monitoring in Verdugo Wash – Completed, Monitoring Wells – Award of contract; drilling to start in January 2015.

Glendale – Rockhaven Well – DWR additional information due December 2, 2014. Design – met with Cannon on November 18, 2014. GWP reviewing Agreement and Land Lease.

Ocean View Overflow/Drain Line – AC replacement in right turn pocket. Bids due on November 21, 2014. Construction start in mid-December 2014. Waiting on request for additional information for hydrology & hydraulics.

Verdugo/Montrose Water Main Break – Staff working on claim to City of Glendale.

FMWD Issues – No report.

ULARA – No report.

Water Meter Replacement Program: FY 14/15 Water Meter Replacement Program – replaced 275 meters to date. Staff reviewing alternative to accelerate meter replacement. New meters for Caltrans to improve efficiency.

Report on Administrative and Field Operations:

Well Status – Well production capacity has declined to 2.3 MGD due to bacteriological problems with Wells 10 & 12.

Booster Pumps – Encinal – Booster C out of service due to motor failure.

Water Quality – No Report.

Reservoirs/Booster Stations – No Report.

Field Maintenance and Operations update for November 1 – November 18, 2014

Water lateral leaks & repairs

- 3002 Brookhill
- 2527 Frances
- 5724 Freeman

- 5597 Terrace
- 2920 Los Olivos

Water Main Leaks – No Report

Fire Hydrant Replacement – No Report.

Sewer Maintenance – 2300 Block if Utley, Pickens Canyon and Janet Lee. 5300 Block of Briggs. 2500 Blocks of Henrietta, Whittier, Orange, Laughlin & Kemper. 2600 Block of Mary and 2500 Block of Community. 4000-4500 Blocks of Rosemont. 2500 – 2600 Blocks of Altura, Prospect, Evelyn, Mayfield & Fairway. 2400 – 2600 Blocks of Montrose.

REGULATORY AND PUBLIC AFFAIRS MANAGER – Ms. Scott reported that there has been almost \$11,000 in turf rebates in the past 2 weeks. Ms. Scott said that when we hit our midway point, we will be mailing out letters to all the pending applicants to let them know where we stand and to remind them that it is first come, first serve basis. Ms. Scott has found a large multi-unit apartment complex to change out the toilets to high efficiency toilets. Also, the State Water Board has adopted the MPDES permit for all California water systems which become effective on February 27, 2015. All water agencies will have to file for permits to discharge water from their distribution systems.

INFORMATION TECHNOLOGY – No Report

ATTORNEY – No Report

REPORTS OF COMMITTEES

Engineering Committee – Mr. Gould reported that the Committee met on November 14, 2014 at 9:30 a.m. and reviewed Well Levels and Well Capacity Status Charts, Well Rehabilitation Status, FMWD 10-year Purchase order request and water supply allocation plan, CIP Budget, projects schedules and status, Ocean View Reservoir Overflow/Drain Pipe Project, Well 16 (Rockhaven) Well Project, Ocean View Chlorination Station Project and CVWD/LADWP Interconnection Project.

Finance Committee – Director Bodnar reported that the Committee met on November 7, 2014 with the auditor and had a discussion regarding the Fiscal Year 2013-14 draft financial statements.

Employee Relations Committee – Director Bodnar reported that the Committee met on November 14, 2014 at 8:00 a.m. and discussed the Regulatory and Public Affairs Manager position and compensation for the management positions.

Policy Committee – Director Ross reported that the Committee met on November 17, 2014 and discussed large lots.

Community Relations/Water Conservation Committee – Ms. Scott reported that the Committee had not met; however a meeting will be scheduled as needed.

Emergency Planning Committee – Director Bodnar reported that the Committee had not met; however a meeting will be scheduled as needed.

DIRECTORS ORAL REPORTS

Director Ross – No Report

Director Erickson- No Report

Director Bodnar reported on November 6th he attended the Foothill Pipeline Preservation Committee. On November 7th he attended the Finance Committee meeting, on November 14th he attended the Employee Relations Committee meeting, on November 8th he participated in the La Crescenta off ramp clean up, and on November 15th he attended the Crescent Commons dedication.

Director Tejada reported that she attended the Crescenta Commons dedication, and that it was very well attended and that Robbyn Battles did a terrific job organizing the event. She also attended a public coffee event with Assemblyman Michael Gato and that it was well attended and that Mr. Gato said he will be happy to come out to meet with the Board and hear what we have to say about the issues with water and he would share what he knows on his end about being in the State Legislator.

Director Putnam – No Report

CLOSED SESSION – No Reportable Action.

ADJOURNMENT

There being no other business to come before the Board at 9:51 p.m., it was moved by Director Ross, seconded by Director Tejada and carried that the meeting be adjourned to December 9, 2014 at 7:00 p.m.

APPROVED

James D. Bodnar
President

Ron L. Mitchell
Secretary-Treasurer

CASH DISBURSEMENTS LIST

NOVEMBER 2014



<u>Check#</u>	<u>Check Date</u>	<u>Payable To</u>	<u>Description</u>	<u>Water Amount</u>	<u>Wastewater Amount</u>
0	11/24	Southern California Edison Co.	Power purchased 11/2014	25,247.32	309.59
30825	11/4	Acme Wiping Materials	Cleaning supplies	127.20	127.20
30826	11/4	ACV Systems, LLC	Repair altitude valve at Ordunio Reservoir	1,150.45	
30827	11/4	ADS, LLC	Sewer flow monthly monitoring		1,580.00
30828	11/4	AES Water, Inc	Cresta Heights seismic sensor & valve controller - 4 total	34,519.65	
30829	11/4	Kirk Anderson	Remove bee's out of meter box 2906 Los Olivos	100.00	
30830	11/4	ARC	E-931 Bid packets for Oak Creek MCC	1,260.25	
30831	11/4	Arrowhead Mountain Spring Water	Distilled water for nitrate plant	48.07	
30832	11/4	AVAYA Financial Services	Land line lease	380.68	126.90
30833	11/4	AW Direct, Inc	2000 watt power inverter; arrow & auxillary lights for Unit #45	1,123.63	906.88
30834	11/4	Backflow Apparatus & Valve Co.	Calibration test kit	85.00	
30835	11/4	BC Laboratories, Inc	Water analysis	1,999.25	
30836	11/4	Natalie Bellissimo	Milage reimbursement 10/2014	115.96	0.31
30837	11/4	CalPers	Employee contributions 10/2014	23,833.86	15,396.11
30838	11/4	Cannon	E-931-Professional engineering services for Oak Creek MCC	5,610.00	
30839	11/4	Capital One Commercial	Misc supplies	213.20	213.18
30840	11/4	Charter Communications	Fiber optic Mills, Glenwood & Office	3,961.76	1,320.58
30841	11/4	Chemsearch	Inventory - 4 dozen cans of Yield aerosol	316.80	316.79
30842	11/4	Choice Pest Control	Monthly billing Glenwood and various sites	194.75	47.25
30843	11/4	City of Glendale - Permits	Excavation permits	3,022.23	
30844	11/4	City of Glendale Water & Power	Power purchased 10/2014	37,462.67	71.40
30845	11/4	Civiltec Engineering Inc	E-943 - Professional eng. services for Ocean View Drain	2,980.00	
30846	11/4	Colonial Life & Accidents Ins.	Employeee paid insurance	183.61	
30847	11/4	Complete Mobile Detailing	Clean service trucks	372.75	124.25
30848	11/4	Corporate Telecomm	Monthly maintenance	175.54	58.49
30849	11/4	Dell Marketing L.P.	Lease contract	415.34	138.44

30850	11/4	Dispensing Technology Corp.	Blue markers for locating fire hydrants	801.75	
30851	11/4	ESRI, Inc	GIS -ArcGIS annual maintenance upgrade	1,567.50	522.50
30852	11/4	First Choice	Coffee service plant	150.43	150.42
30853	11/4	Fred M. Boerner Motor Co.	Unit #18 - Repairs to brakes	1,808.79	602.93
30854	11/4	General Pump Company, Inc	E-918 - Retention payment for Encinal Pump replacement	972.10	
30855	11/4	Grainger	Safety equipment - knee boots	36.30	36.28
30856	11/4	Great America Leasing Corp.	Kyocera Copier lease	434.91	434.91
30857	11/4	Max Ho	Turf rebate	6,800.00	
30858	11/4	Innovyze	Software license renewal for H20net	750.00	250.00
30859	11/4	Benjamin Kim	Turf rebate	3,800.00	
30860	11/4	LA County Tax Collector	Property tax	6,150.87	2,050.27
30861	11/4	LA Dept Water and Power	Power purchased	45.47	
30862	11/4	Gerry & Maggie Lapre	Turf rebate	2,400.00	
30863	11/4	Ke Li	Turf rebate	4,000.00	
30864	11/4	Lincoln Financial Group	Life and Dental insurance for 11/2014	3,061.15	2,040.77
30865	11/4	Loren Brugger Welding	Welding services	600.00	
30866	11/4	Dennis A. Maxwell, Jr	Reimbursement for D-4 certification	1,035.00	
30867	11/4	McGraw-Hill Construction Publ.	E-931 - Advertising for Oak Creek Motor Control Center	1,732.40	
30868	11/4	MCR Technologies Inc	Modem	748.78	
30869	11/4	Microflex Corporation	Safety equipment - 4 cases protective gloves	531.26	
30870	11/4	Doris Miner	Turf rebate	3,900.00	
30871	11/4	O'Reilly Auto Parts	Misc parts 10/2014	117.99	36.41
30872	11/4	Office Depot - Credit Plan	Misc supplies 10/2014	301.40	301.40
30873	11/4	Orchard Supply Hardware	Misc hardware 10/2014	686.99	265.94
30874	11/4	Paper Cuts, Inc	Paper shredding	2.50	2.50
30875	11/4	Ken Park	Turf rebate	2,250.00	
30876	11/4	Raftelis Financial Consultants, Inc	E-940 -Professional services for Cost Analysis Study	2,515.00	
30877	11/4	Ramco	Crushed misc base 10/2014	2,416.03	
30878	11/4	Robert Brkich Const. Corp	E-921 prgress payment & M-944 spoils hauling	138,987.92	
30879	11/4	Richard Russel	Turf rebate	1,200.00	
30880	11/4	Alex Sandoval	Longevity pay for 15 years of service	112.50	37.50
30881	11/4	Sawyer Petroleum	950 galoons of clear diesel fuel	2,556.08	852.02
30882	11/4	Irene Selemi	Turf rebate	4,600.00	
30883	11/4	South Coast Air Quality	Unit #35 - Operating fees for generator	451.57	
30884	11/4	St Water Resource Control Brd.	Grade D2 certification renewal - D. Rawlings	130.00	
30885	11/4	Sully-Miller Contracting Co.	11.71 tons cold patch	1,162.39	
30886	11/4	Massis and Elsik Tahmassian	Turf rebate	2,500.00	

30887	11/4	The Gas Company	Gas purchased Mills	36.69	12.22
30888	11/4	Underground Service Alert/SC	Underground notifications for 10/2014	133.88	44.62
30889	11/4	Univar USA Inc	1535 gallons of bleach Mills/Glenwood	2,630.64	
30890	11/4	UPS	Shipping charges plant	9.92	9.92
30891	11/4	Virginia Venegas	Refund Check	43.26	
30892	11/4	Vision Service Plan Co-(CA)	Group vision for 11/2014	264.55	176.36
30893	11/4	Lori Waldinger	Turf rebate	3,800.00	
30894	11/4	Waste Management - Sun Valley	Disposal service plant 11/2014	1,286.00	428.64
30895	11/4	Western Water Works	8"x20"FC repair clamps; meter sticks; meter gaskets; bolts	1,387.49	165.68
30896	11/6	Ramco	Crushed Misc base	91.56	
30897	11/7	Mark Hass	Dental Reimbursement	336.00	224.00
30898	11/12	Ron Mitchell	Health Reimbursement	226.52	151.02
30899	11/12	Lynne Sovich	Health Reimbursement	576.84	384.55
30900	11/19	ABC Auto Electric	Unit #36 - Fix left light assembly	102.22	34.08
30901	11/19	Abe's Security Systems, Inc	Key services	81.45	29.40
30902	11/19	ACV Systems, LLC	Repair pressure control valves at Glenwood Forebay & Rosemont	1,413.95	
30903	11/19	ACWA	Membership dues for 2015	12,473.09	4,336.75
30904	11/19	ACWA/JPIA	Group Health for 12/2014	32,533.14	21,688.77
30905	11/19	ADS, LLC	Monthly monitoring	1,363.73	1,015.00
30906	11/19	Aflac	Employee paid insurance	88.07	29.35
30907	11/19	Airgas On-Site Safety Services, Inc	Safety inspections and filter replacements	178.73	178.72
30908	11/19	Airgas USA, LLC	Monthly cylinder rental	790.67	263.55
30909	11/19	Ameripride Uniform Services, Inc	Uniform rentals 10/2014	675.55	225.18
30910	11/19	ARC	Monthly MPS billing	2,178.63	747.71
30911	11/19	AT&T	PRI Line 11/2014	86.95	28.98
30912	11/19	AW Direct, Inc	Unit #23A -Replace warning light	3,721.25	
30913	11/19	BC Laboratories, Inc	Water analysis	2,484.25	
30914	11/19	BC Laboratories, Inc	Water analysis	12,998.00	
30915	11/19	BC Laboratories, Inc	Water analysis	55.03	
30916	11/19	FRANCE BERUBE	Refund Check	3,081.20	
30917	11/19	Cargill, Inc - Salt Division	Nitrate Plant -24.73 tons solar salt	37,176.52	50.12
30918	11/19	City of Glendale Water & Power	Power purchased 10/2014		2,507.12
30919	11/19	City of LA Bureau Sanitation	Sewerage facilities charge	350.00	
30920	11/19	City of LA Canada Flintridge	M-943 - Permits for Ocean View Drain		133,916.00
30921	11/19	City of Los Angeles	O&M Portion of Asssc		616.03
30922	11/19	Coastline Equipment Co.	Unit #15 - Repair of pavement breaker point	1,436.19	

30923	11/19	Consolidated Elec. Distributor	Clearglide cutting blades	268.01	10.98
30924	11/19	Grigor & Mina Daneshvar	Turf rebate	1,500.00	
30925	11/19	Dataprose LLC	Printing and Postage for controls 1-4	1,580.56	1,580.56
30926	11/19	Direct Connection	Business cards for various employees and Directors	87.90	87.90
30927	11/19	Do-it Center	Misc hardware 10/2014	280.47	53.57
30928	11/19	Eurofins Eaton Analytical Inc.	Water analysis	260.00	
30929	11/19	Eurofins Eaton Analytical Inc.	Water analysis	691.00	
30930	11/19	Foothill Car Wash, Lube & Oil	Unit #38 & Unit #43 - Oil change	176.13	58.70
30931	11/19	Foothill Municipal Water	Water delivery	227,046.14	
30932	11/19	Foothill Trophy & Engraving	Apperciation plaque for Kathy Ross	159.41	53.14
30933	11/19	Christina Franck	Turf rebate	3,600.00	
30934	11/19	Debra Freedman	Turf rebate	5,200.00	
30935	11/19	Diane Fritts	Refund Check	186.76	
30936	11/19	Heather Gasaway	Refund Check	91.82	
30937	11/19	Grainger	Extractor set	77.99	77.99
30938	11/19	Haaker Equipment Company	Unit #31 - 3/4" female swivel for Vactor truck	299.70	311.11
30939	11/19	James T. Halaszynski	Remibursment for Tri-State Seminar September 2014	33.93	99.90
30940	11/19	Lawrence Hall	Refund Check	262.41	
30941	11/19	Harrington Ind Plastics LLC	pH Electrode for Glenwood aeration tower	11.98	
30942	11/19	Archie Robb & Miranda Hazen	Refund Check	710.78	236.92
30943	11/19	Jobs Available Inc.	Display ad for General Manager	287.15	
30944	11/19	Kristie Kurtz	Refund Check	3,800.00	
30945	11/19	L.A. County Dept. Public Works	Excavation permit	6,357.00	
30946	11/19	L.A. County Dept. Public Works	Excavation permit	8,937.00	1,250.00
30947	11/19	Lagerlof, Senecal, Gosney & Kr	Legal fees for 10/2014	6,400.00	
30948	11/19	Alice Mansurian	Turf rebate	6,800.00	
30949	11/19	Pierre Megherdichian	Turf rebate	2,792.52	930.84
30950	11/19	Mikeloff Brothers	Body repairs to Unit #10	5,200.00	
30951	11/19	Michael Morris	Turf rebate	123.75	41.25
30952	11/19	National Fire Protection Assoc	Membership for Raymond Dodge	93.06	93.05
30953	11/19	New Pig Corp.	Field crew cleaning supplies	142.49	47.49
30954	11/19	Newegg, Inc.	Micro Soft Windows 8 software disk	27.62	9.21
30955	11/19	Northern Safety Co., Inc	Surveyors equipment for Engineering Dept	242.39	
30956	11/19	Chang Ok	Refund Check	231.16	
30957	11/19	Chang Ok	Refund Check	559.24	186.41
30958	11/19	Outsource Fleet Service, Inc.	Unit #18 - Repair radiator hoses		
30959	11/19	Paveco Construction Inc	List 2014-15-06-various paving locations	11,288.45	

30960	11/19	Plumbers Depot Inc	Misc.sewer material	489.06
30961	11/19	Rassac Air Systems	A/C & Heater maintenance at Mills	118.75
30962	11/19	Red Wing Shoe Store	Safety boots for Jaysen Ortega	50.20
30963	11/19	Royal Roofing Company	Deposit for M-949 - Replace roof at Glenwood	
30964	11/19	Ryan Herco Flow Solutions Boston	ASCO valve rebuild kits	6,930.00
30965	11/19	S & J Supply Company, Inc.	Flow control valves for Well 9 and Well 10	688.13
30966	11/19	Rio Salazar	Turf rebate	11,188.86
30967	11/19	Sems Technologies Corp.	SEMS - Fleet Management software	4,800.00
30968	11/19	Serge's Automotive	Unit #23A - New tires, brakes, and oil change	3,112.50
30969	11/19	So Cal Water Utilities Assoc.	Water Treatment class - 6 employees	365.14
30970	11/19	St Water Resource Control Brd.	David Rawlings D-2 39699	180.00
30971	11/19	Staples Business Advantage	Misc supplies	50.00
30972	11/19	Star Brite Bldg. Maintenance Inc	Janitorial service 11/2014	271.95
30973	11/19	Toro's Lawnmower & Garden	Repair vibratory plate	271.94
30974	11/19	Trench Shoring Company	M-943 - Steel plate rental for Ocean View	618.75
30975	11/19	United Traffic Service & Supply	M-943 - Arrowboard rental for Ocean View	467.11
30976	11/19	William Vest	Turf rebate	615.00
30977	11/19	G. Weckbacher	Refund Check	354.25
30978	11/19	Western Water Works	Mueller meter adapters	1,800.00
30979	11/19	Western Water Works	Inventory - 3/4"x 1" meter adapters	10.50
30980	11/20	Hara Com, Inc.	M-933 - Permit processing for Ordunio Wall	3,445.83
				4,865.77
				600.00
30981	11/24	Wells Fargo Card Services	Erdman: AWWA books; educational materials; ASCE membership renewal; ACWA Region 8-10 program & tour	702.44
				104.20
30982	11/24	Wells Fargo Card Services	Gould:Supplies for Conservation class; ad for Buyer/Storekeeper position; AWWA books for distribution tests	457.03
				125.23
30983	11/24	Wells Fargo Card Services	Hass:Recurring mo. Charges; computer hardware; software	1,680.80
30984	11/24	Wells Fargo Card Services	Mitchell:CalPELRA Conf-car rental; webinar for performance evals; ACWA Fall Conf.-registration	869.54
				289.84
30985	11/24	Wells Fargo Card Services	Scott: AWWA Fall Conf-air, hotel, meals, transportation; ad for Board vacancy	1,435.82
			Subtotals	243.32
				\$ 812,132.11 \$ 204,487.95
Grand Total				
				\$ 1,016,620.06

Fund: 02 Wastewater				
0	11/24	Southern California Edison Co.	Power purchased 11/2014	309.59
30825	11/4	Acme Wiping Materials	Rags	127.20
30827	11/4	ADS, LLC	Monthly monitoring	1,580.00
30832	11/4	AVAYA Financial Services	Land line lease	
30833	11/4	AW Direct, Inc	4 gal.cans 101086	126.90
30836	11/4	Natalie Bellissimo	Milage reimbursements 10/2014	906.88
30837	11/4	CalPers	Employee contributions 10/2014	0.31
30839	11/4	Capital One Commercial	Misc supplies	15,396.11
30840	11/4	Charter Communications	Fiber optic Mills	213.18
30841	11/4	Chemsearch	4 dozen Yield	1,320.58
30842	11/4	Choice Pest Control	Monthly billing Glenwood	316.79
30844	11/4	City of Glendale Water & Power	Power purchased 10/2014	47.25
30847	11/4	Complete Mobile Detailing	Clean service trucks	71.40
30848	11/4	Corporate Telecomm	Monthly maintenance	124.25
30849	11/4	Dell Marketing L.P.	Lease contract	58.49
30851	11/4	ESRI, Inc	quote 25634012 - ArcGIS annual maint.	138.44
30852	11/4	First Choice	Coffee service plant	522.50
30853	11/4	Fred M. Boerner Motor Co.	#18/repairs	150.42
30855	11/4	Grainger	Knee boots	602.93
30856	11/4	Great America Leasing Corp.	Kyocera Copier lease	36.28
30858	11/4	Innovyze	renewal H20net 1 seat	434.91
30860	11/4	LA County Tax Collector	Property tax	250.00
30864	11/4	Lincoln Financial Group	Life and Dental insurance for 11/2014	2,050.27
30871	11/4	O'Reilly Auto Parts	Misc parts 10/2014	2,040.77
30872	11/4	Office Depot - Credit Plan	Misc supplies 10/2014	36.41
30873	11/4	Orchard Supply Hardware	Misc hardware 10/2014	301.40
30874	11/4	Paper Cuts, Inc	Paper shredding	265.94
30880	11/4	Alex Sandoval	Longevity pay for 15 years of service	2.50
30881	11/4	Sawyer Petroleum	950 gal.clear diesel fuel	37.50
30887	11/4	The Gas Company	Gas purchased Mills	852.02
30888	11/4	Underground Service Alert/SC	Underground notifications for 10/2014	12.22
30890	11/4	UPS	Shipping charges plant	44.62
30892	11/4	Vision Service Plan Co-(CA)	Group vision for 11/2014	9.92
30894	11/4	Waste Management - Sun Valley	Disposal service plant 11/2014	176.36
30895	11/4	Western Water Works	Meter Sticks	428.64
				165.68

30897	11/7	Mark Hass	Dental Reimbursement	224.00
30898	11/12	Ron Mitchell	Health Reimbursement	151.02
30899	11/12	Lynne Sovich	Health Reimbursement	384.55
30900	11/19	ABC Auto Electric	#36 Fix left light assembly	34.08
30901	11/19	Abe's Security Systems, Inc	Misc keys	29.40
30903	11/19	ACWA/Joint Powers Ins. Authori	Membership dues for 2015	4,336.75
30904	11/19	ACWA/JPIA	Group Health for 12/2014	21,688.77
30905	11/19	ADS, LLC	Monthly monitoring	1,015.00
30907	11/19	Airgas On-Site Safety Services, Inc	filters	29.35
30908	11/19	Airgas USA, LLC	Monthly cylinder rental	178.72
30909	11/19	Ameripride Uniform Services, Inc	Uniform rentals 10/2014	263.55
30910	11/19	ARC	Monthly MPS billing	225.18
30911	11/19	AT&T	PRI Line 11/2014	747.71
30912	11/19	AW Direct, Inc	23A/Warning Light	28.98
30918	11/19	City of Glendale Water & Power	Power purchased 10/2014	50.12
30919	11/19	City of LA Bureau Sanitation	Sewerage facilities charge	2,507.12
30921	11/19	City of Los Angeles	O&M Portion of Assc	133,916.00
30922	11/19	Coastline Equipment Co.	Breaker point	616.03
30923	11/19	Consolidated Elec. Distributor	Cutting blades	10.98
30925	11/19	Dataprose LLC	Printing and Postage for controls 1-4	1,580.56
30926	11/19	Direct Connection	Business cards for various employees and Directors	87.90
30927	11/19	Do-it Center	Misc hardware 10/2014	53.57
30930	11/19	Foothill Car Wash, Lube & Oil	Oil change unit 38	58.70
30932	11/19	Foothill Trophy & Engraving	Appreciation plaque for Kathy Ross	53.14
30937	11/19	Grainger	Extractor set	77.99
30938	11/19	Haaker Equipment Company	3/4" female swivel	311.11
30939	11/19	James T. Halaszynski	Remibursment for Tri-State Seminar September 2014	99.90
30943	11/19	Jobs Available Inc.	Display ad for General Manager	236.92
30947	11/19	Lagerlof, Senecal, Gosney & Kr	Legal fees for 10/2014	1,250.00
30950	11/19	Mikeloff Brothers	Repairs to unit 10	930.84
30952	11/19	National Fire Protection Assoc	Membership for Raymond Dodge	41.25
30953	11/19	New Pig Corp.	wipes	93.05
30954	11/19	Newegg, Inc.	Micro Soft Windows 8 software disk	47.49
30955	11/19	Northern Safety Co., Inc	Surveyors vest for Christina	9.21
30958	11/19	Outsource Fleet Service, Inc.	#18/change radiator hoses	186.41
30960	11/19	Plumbers Depot Inc	Misc.sewer material	489.06
30961	11/19	Rassac Air Systems	A/C & Heater maintenance Mills	118.75

30962	11/19	Red Wing Shoe Store	Safety boots for Jaysen Ortega	50.20
30967	11/19	Sems Technologies Corp.	SEMS - Fleet Mgmt	1,037.50
30968	11/19	Serge's Automotive	23A/tires/brakes/oil change etc.	121.71
30971	11/19	Staples Business Advantage	Misc supplies	271.94
30972	11/19	Star Brite Bldg. Maintenance Inc	Janitorial service 11/2014	206.25
30973	11/19	Toro's Lawnmower & Garden	Repair vibratory plate	155.70
30981	11/24	Wells Fargo Card Services	Credit Card charges Dennis Erdman	104.20
30982	11/24	Wells Fargo Card Services	Credit Card charges David Gould	125.23
30983	11/24	Wells Fargo Card Services	Credit Card charges Mark Hass	560.24
30984	11/24	Wells Fargo Card Services	Credit Card charges Ron Mitchell	289.84
30985	11/24	Wells Fargo Card Services	Credit Card charges Christy Scott	243.32

PAYROLL REPORT
November-14

Directors	\$	1,980
Office Regular Payroll	\$	125,666
Office OT	\$	386
Plant Regular Payroll	\$	95,649
Plant OT and Standby	\$	14,197
Employer Payroll Taxes	\$	15,283
Payroll Service Charges	\$	354
Total	\$	<u>253,514</u>

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

To: Honorable President and Members of the Board of Directors
From: Dennis A. Erdman – General Manager
Subject: CV Ready Container

Agenda Item No. 2
December 9, 2014

AGENDA ITEM

Update on a Request to Place a Storage Container on District Property by CV Ready – Consideration and motion to eliminate or modify the requirement to provide liability insurance on a request from CV Ready to place a storage container on District property at the Edmund I Reservoir site previously approved by the Board.

BACKGROUND:

CV Ready is a community organization dedicated to emergency preparedness, emergency response, and resiliency. The organization is comprised of citizen volunteers and receives organizational support and guidance from the Department of Public Health. CV Ready is now in its third year as an organization and they are executing plans that support the mission of the organization. Part of this plan includes locating supplies, and equipment in strategic locations within the community. One location that has been identified as a critical area is Briggs Terrace.

In July, the Board of Directors discussed a request from CV Ready asking for permission to locate a storage container at the Edmund I reservoir site. This container was intended to be used to store supplies and tools that could be used in an emergency to benefit and assist the local community in the Briggs Terrace area. The Board gave tentative permission for this action with the request that CV Ready furnish a certificate of insurance naming the District as an additional insured.

For the past several months, CV Ready has worked to obtain the insurance coverage requested by CVWD. Mr. Roger Young has reported that CV Ready does not have any ongoing source of funding to pay for insurance and the least expensive policy they have been able to find would cost in excess of \$1,000 per year. CV Ready is reluctant to become obligated for this annual expense and has requested to have the District's requirement for such an insurance policy re-considered.

Mr. Young intends to be available at the Board meeting to answer any questions the Board may have and give a detailed report on the search for insurance.

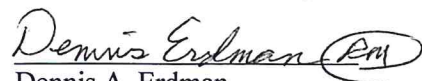
Options:

- Continue with CV Ready with the existing requirement to provide insurance coverage for the storage unit.
- Waive the insurance requirement and allow placement of the storage container at Edmund I.
- Consider accepting the storage container as a "gift" from CV Ready and allow CV Ready to use the container at Edmund I.
- Other options as determined by the Board of Directors.

RECOMMENDATION:

Staff has no recommendation on this request.

Prepared and submitted by:



Dennis A. Erdman
General Manager

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Item No. 3
December 9, 2014

To: Board of Directors
From: Ron L. Mitchell, Secretary-Treasurer
Subject: Acceptance of Audited Financial Statements

ACTION ITEM:

1. **Acceptance of Audited Financial Statements for Fiscal Year 2013-14** – Consideration and motion to accept the Audited Financial Statements for Fiscal Year 2013-14.

BACKGROUND:

The Finance Committee met with staff and the District's auditor, Mr. Chris Brown of Charles Z. Fedak & Co., on November 7, 2014 to review the Fiscal Year 2013-14 draft audit statements. Mr. Brown reviewed the various schedules and footnotes and received comments from the Committee which have been incorporated into the final draft that is attached. Mr. Brown also reviewed the Management Letter, also attached, and identified an area that concerned better documentation of credit card charges. Staff will work with the Finance and Policy Committees to develop this additional language.

Recommendation

It is staff recommendation that the Board accept the Audited Financial Statements for Fiscal Year 2013-14.

Prepared & Submitted by:



Ron L. Mitchell, Secretary-Treasurer



Crescenta Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013



Mission Statement

The mission of the Crescenta Valley Water District is to provide dependable water service and wastewater collection to its constituents in La Crescenta, Montrose, and portions of Glendale, and La Canada Flintridge.

Board of Directors as of June 30, 2014

Name	Title	Elected/ Appointed	Current Term
James Bodnar	President	Elected	December 2017
Kathleen Ross	Vice President	Elected	December 2015
Judy Tejeda	Director	Elected	December 2015
Kenneth Putnam	Director	Elected	December 2017
Kerry Erickson	Director	Elected	December 2017

**Dennis A. Erdman, General Manager
Crescenta Valley Water District
2700 Foothill Boulevard
La Crescenta, California 91214
(818) 248-3925 – www.cvwd.com**

Crescenta Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013

DRAFT

**Crescenta Valley Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013**

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Introductory Section

DRAFT



Crescenta Valley Water District

2700 Foothill Boulevard, La Crescenta, California 91214
Phone (818) 248-3925 Fax (818) 248-1659

Directors

Kathleen M. Ross
Judy L. Tejeda
James Bodnar
Kerry Erickson
Kenneth Putnam

Officers

Dennis Erdman P.E.
General Manager
Ron L. Mitchell
Secretary-Treasurer

November 1, 2014

Board of Directors
Crescenta Valley Water District

Introduction

It is our pleasure to submit the Annual Financial Report for the Crescenta Valley Water District (District) for the fiscal years ended June 30, 2014 and 2013, 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 Crescenta Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The Crescenta Valley Water District has been providing services to area residents since 1950. The District is governed by a five-member Board of Directors, elected at-large from within the District's service area. 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 Crescenta Valley Water District employs a full-time staff of 35 employees. The District's Board of Directors meets on the first and third Tuesday of each month. Meetings are publicly noticed and citizens are encouraged to attend.

The District is located in the Crescenta Valley area of Los Angeles County in the foothills of the San Gabriel Mountains, between the San Fernando and San Gabriel valleys. The District provides water distribution and sewage collection within its boundaries to the unincorporated communities of La Crescenta, Montrose, and Verdugo City as well as a small portion of the City of La Canada-Flintridge. The District also serves a portion of the City of Glendale in Montrose and La Crescenta outside District boundaries.

The District serves an area of approximately 4 square miles in relatively steep terrain ranging from 1,200 feet to almost 3,000 feet above sea level. The customer base is primarily residential with some light commercial along Foothill Boulevard in La Crescenta and Honolulu Avenue in Montrose. The District currently provides water to over 8,000 accounts representing a population of approximately 32,000.

Economic Condition and Outlook

The District's administrative office is located in the Community of La Crescenta, in Los Angeles County. The economic outlook for the area is steady although the Crescenta Valley area is nearly built-out. Residential growth is occurring through increased housing density in the multiple-unit zoned areas (primarily Montrose) as well as limited in-fill housing development on random parcels in La Crescenta.

California's water supply continues to be a concern due to current drought conditions and population increases. This concern, in addition to State mandated reductions, has increased interest in conservation and in irrigation methods and systems.

Major Initiatives

The activities of the Board and staff of the District are driven by its Mission Statement: "The mission of the Crescenta Valley Water District is to provide dependable water service and wastewater collection to its constituents in La Crescenta, Montrose, and portions of Glendale, and La Canada Flintridge."

The mission of the Crescenta Valley 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 City of Los Angeles Sanitation Department. The Board, the staff, and all employees of Crescenta Valley 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 and wastewater systems 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 is designed to ensure that 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 and wastewater 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. Wastewater rates are a flat charge to all residential dwelling units.

Water Conservation Programs

The District has implemented conservation management practices. District staff participates in community events and distribute materials to encourage water conservation. The District offers the following conservation programs:

- Voluntary Water Conservation Program
- Low-Flow Retrofit Program
- Hi-Efficiency Washers Program
- Turf Removal Rebate Program

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Charles Z. Fedak & 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/JPA). 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 Crescenta Valley Water District’s fiscal policies.

Respectfully submitted,

Dennis A. Erdman
General Manager

Ron Mitchell
Director of Finance

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Financial Section

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Independent Auditor's Report

Board of Directors
Crescenta Valley Water District
La Crescenta, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Crescenta Valley Water District (District) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Crescenta Valley Water District, as of June 30, 2014 and 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 and required supplementary information on pages 6 through 10 and 34 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 3, and the supplemental information schedules on pages 35 through 40, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information schedules are the responsibility of management and were derived from and relate 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 audit 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 supplemental information schedules 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 audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2014 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.

Charles Z. Fedak & Company, CPAs – An Accountancy Corporation
Cypress, California
November 1, 2014

Crescenta Valley Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Crescenta Valley Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2014 and 2013. 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

- The District's net position increased 13.00%, or \$5,897,576 to \$51,258,662, in fiscal year 2014. In 2013, the District's net position increased 13.24%, or \$5,305,298 to \$45,361,086.
- The District's operating revenues increased 7.76% or \$909,686, in fiscal year 2014. In 2013, the District's operating revenues increased 12.21% or \$1,275,482.
- The District's operating expenses increased 12.29%, or \$1,506,981, in fiscal year 2014. In 2013, the District's operating expenses increased 2.59%, or \$309,450, in fiscal year 2013.

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 the 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 the customers of the District are financed primarily through user charges.

The Statement of Net Position includes all of 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 revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures 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. This statement can also be used to evaluate sustainability 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 changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing 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.

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 helps answer this question. These statements include all assets, deferred outflow, liabilities, and deferred inflows 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.

Crescenta Valley Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Financial Analysis of the District, continued

These two statements report the District's *net position* and changes in them. One can think of the District's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is 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 15 through 33.

Statements of Net Position

Condensed Statements of Net Position			
	2014	2013	Change
Assets:			
Current assets	\$ 8,944,882	7,290,230	1,654,652
Non-current assets	12,393,137	7,257,400	5,135,737
Capital assets, net	<u>42,545,318</u>	<u>42,943,248</u>	<u>(397,930)</u>
Total assets	<u>63,883,337</u>	<u>57,490,878</u>	<u>6,392,459</u>
Liabilities:			
Current liabilities	1,418,468	1,235,272	183,196
Non-current liabilities	<u>11,206,207</u>	<u>10,894,520</u>	<u>311,687</u>
Total liabilities	<u>12,624,675</u>	<u>12,129,792</u>	<u>494,883</u>
Net position:			
Net investment in capital assets	33,912,088	34,093,945	(181,857)
Restricted	617,105	617,099	6
Unrestricted	<u>16,729,469</u>	<u>10,650,042</u>	<u>6,079,427</u>
Total net position	<u><u>\$ 51,258,662</u></u>	<u><u>45,361,086</u></u>	<u><u>5,897,576</u></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 the District exceeded liabilities by \$51,258,662 and \$45,361,086 as of June 30, 2014 and 2013, respectively.

By far the largest portion of the District's net position (66% and 75% as of June 30, 2014 and 2013, 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 uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending. See Note 11 for further information.

Crescenta Valley Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Statements of Net Position, continued

At the end of fiscal year 2014 and 2013, the District showed a positive balance in its unrestricted net position of \$16,729,469 and \$10,650,042, respectively. See Note 11 for the amount of spendable net position that may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 12,629,072	11,719,386	909,686
Non-operating revenues	7,328,776	6,309,409	1,019,367
Total revenues	<u>19,957,848</u>	<u>18,028,795</u>	<u>1,929,053</u>
Expenses:			
Operating expenses	13,770,683	12,263,702	1,506,981
Non-operating expenses	395,813	519,709	(123,896)
Total expenses	<u>14,166,496</u>	<u>12,783,411</u>	<u>1,383,085</u>
Net income before capital contributions	5,791,352	5,245,384	545,968
Capital contributions	<u>106,224</u>	<u>59,914</u>	<u>46,310</u>
Change in net position	5,897,576	5,305,298	592,278
Net position – beginning of year	<u>45,361,086</u>	<u>40,055,788</u>	<u>5,305,298</u>
Net position – end of year	<u>\$ 51,258,662</u>	<u>45,361,086</u>	<u>5,897,576</u>

The statements of revenues, expenses and changes of net position show how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$5,897,576 and increased by \$5,305,298, for the fiscal years ended June 30, 2014 and 2013, respectively.

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

In 2014, the District's total revenues increased by 10.70%, or \$1,929,053, primarily due to an increase in non-operating revenues of \$1,019,367, related to an increase in investment earnings of \$738,960, and payment on a legal settlement of \$6,872,846. Operating revenues increased by \$909,686 due an increase of \$597,077 in water operation consumption charges, and \$312,609 increase in wastewater user and standby charges.

In 2013, the District's total revenues increased by 71.22%, or \$7,499,274, primarily due to an increase in non-operating revenues of \$6,223,792, related to a legal settlement in the amount of \$6,595,563 which was offset by a decrease in investment earnings of \$316,154 that was related to a fair-market-value adjustment on investments held by the District. Operating revenues increased by \$1,275,482 primarily due to an increase in water operation consumption charges of \$825,815, and a \$198,230 increase in wastewater user and standby charges.

In 2014, the District's total expenses increased by 10.82%, or \$1,383,085. The District's operating expenses increased by \$1,506,981 as follows: a \$917,132 increase in source of supply expenses, a \$291,720 increase in distribution system expenses, a \$49,125 increase in costs associated with the discharge of treated water into the City of Los Angeles wastewater system, an \$112,355 increase in collection system expenses, and a \$128,361 increase in general and administrative expenses. Offsetting these increases were decreases in plant operating expenses of \$8,278.

Crescenta Valley Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

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

In 2014, non-operating expenses decreased by 23.84%, or \$123,896, primarily due to a \$76,351 decrease in other expenses and a \$40,786 decrease in interest expense.

In 2013, the District's total expenses increased by 2.68%, or \$333,354. The District's operating expenses increased by \$309,450 in the following operating expenses: a \$178,394 increase in source of supply expenses, an \$89,664 increase in plant operations expenses, \$53,081 increase in distribution system costs, and \$110,649 increase in costs associated with the discharge of treated water into the City of Los Angeles wastewater system. Offsetting these increases, were decreases in the following operating expenses: \$60,850 in collection system expenses and \$93,491 in general and administrative expenses. Non-operating expenses increased by 4.82%, or \$23,904, primarily due to a \$52,080 increase in other expenses which was offset by a \$34,935 decrease in interest expense.

In 2014 and 2013, capital contributions amounted to \$106,224 and \$59,914, respectively as the result of construction activity within the District's service area.

Capital Asset Administration

At the end of fiscal years 2014 and 2013, the District's investment in capital assets amounted to \$42,545,318 and \$42,943,248, respectively, (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, collection systems, buildings and structures, equipment, and vehicles, etc. Major capital assets additions during the year included upgrades to the District's water operations production and transmission and distribution systems.

Changes in capital asset amounts for 2014 are as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2014</u>
Capital assets:				
Non-depreciable assets	\$ 2,024,915	1,430,603	(235,539)	3,219,979
Depreciable assets	75,857,888	361,476	(64,213)	76,155,151
Accumulated depreciation	<u>(34,939,555)</u>	<u>(1,954,470)</u>	<u>64,213</u>	<u>(36,829,812)</u>
Total capital assets, net	<u>\$ 42,943,248</u>	<u>(162,391)</u>	<u>(235,539)</u>	<u>42,545,318</u>

Changes in capital asset amounts for 2013 are as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2013</u>
Capital assets:				
Non-depreciable assets	\$ 1,386,415	1,092,070	(453,570)	2,024,915
Depreciable assets	76,749,987	751,659	(1,643,758)	75,857,888
Accumulated depreciation	<u>(34,628,383)</u>	<u>(1,938,404)</u>	<u>1,627,232</u>	<u>(34,939,555)</u>
Total capital assets, net	<u>\$ 43,508,019</u>	<u>(94,675)</u>	<u>(470,096)</u>	<u>42,943,248</u>

(See note 5 for further discussion)

Crescenta Valley Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Debt Administration

Long-term debt at June 30, 2014, is summarized as follows:

	<u>2013</u>	<u>Additions</u>	<u>Payments</u>	<u>2014</u>
2007 Series COP	\$ 9,060,000	-	(225,000)	8,835,000
Less: current portion	(225,000)			(235,000)
Discount on debt	(210,697)			(201,770)
Long-term portion	<u>\$ 8,624,303</u>			<u>8,398,230</u>

Long-term debt at June 30, 2013, is summarized as follows:

	<u>2012</u>	<u>Additions</u>	<u>Payments</u>	<u>2013</u>
2007 Series COP	\$ 9,280,000	-	(220,000)	9,060,000
Less: current portion	(220,000)			(225,000)
Discount on debt	(219,624)			(210,697)
Long-term portion	<u>\$ 8,840,376</u>			<u>8,624,303</u>

(See note 7 for further discussion)

Conditions Affecting Current Financial Position

Management is unaware of any conditions at June 30, 2014, that would have a significant impact on the District's financial position, net position, or operating results in terms of past, present and future.

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 Dennis A. Erdman, General Manager of Crescenta Valley Water District, 2700 Foothill Blvd., La Crescenta, California, 91214.

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Basic Financial Statements

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Crescenta Valley Water District
Statements of Net Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,350,755	4,854,754
Accrued interest receivable	47,810	27,106
Accounts receivable – water and wastewater, net (note 3)	2,240,323	2,055,857
Accounts receivable – other	5,492	13,510
Materials and supplies inventory	258,300	298,135
Prepaid expenses and other deposits	42,202	40,868
Total current assets	<u>8,944,882</u>	<u>7,290,230</u>
Non-current assets:		
Investments (note 2)	11,776,032	6,640,301
Investments – restricted (note 2)	617,105	617,099
Capital assets – not being depreciated (note 5)	3,219,979	2,024,915
Depreciable capital assets (note 5)	39,325,339	40,918,333
Total non-current assets	<u>54,938,455</u>	<u>50,200,648</u>
Total assets	<u>63,883,337</u>	<u>57,490,878</u>
Current liabilities:		
Accounts payable and accrued expenses	840,241	670,497
Accrued wages and related payables	23,215	19,167
Customer deposits	204,728	179,947
Accrued interest expense	31,520	32,270
Long-term liabilities – due within one year:		
Compensated absences (note 6)	83,764	108,391
Certificates of participation (note 7)	235,000	225,000
Total current liabilities	<u>1,418,468</u>	<u>1,235,272</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	251,292	325,172
Other post employment benefits payable (note 10)	2,556,685	1,945,045
Certificates of participation, net (note 7)	8,398,230	8,624,303
Total non-current liabilities	<u>11,206,207</u>	<u>10,894,520</u>
Total liabilities	<u>12,624,675</u>	<u>12,129,792</u>
Net position: (note 11)		
Net Investment in capital assets	33,912,088	34,093,945
Restricted for debt service	617,105	617,099
Unrestricted	16,729,469	10,650,042
Total net position	<u>\$ 51,258,662</u>	<u>45,361,086</u>

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Water operations – consumption sales	\$ 7,026,866	6,530,258
Water operations – service charge	1,731,323	1,633,352
Water operations – other charges	628,393	625,895
Wastewater operations – user and standby charges	3,241,490	2,928,381
Wastewater operations – other charges	<u>1,000</u>	<u>1,500</u>
Total operating revenues	<u>12,629,072</u>	<u>11,719,386</u>
Operating expenses:		
Source of supply – water purchases	3,150,800	2,233,668
Plant operations	2,069,724	2,078,002
Distribution system	1,363,315	1,071,595
City of Los Angeles wastewater system	914,177	865,052
Collection system	303,112	190,757
General and administrative expenses	<u>4,015,085</u>	<u>3,886,224</u>
Total operating expenses before depreciation	<u>11,816,213</u>	<u>10,325,298</u>
Operating income before depreciation	812,859	1,394,088
Depreciation expense	<u>(1,954,470)</u>	<u>(1,938,404)</u>
Operating loss	<u>(1,141,611)</u>	<u>(544,316)</u>
Non-operating revenues (expenses):		
Investment earnings	422,806	(316,154)
Gain(loss) on sale of capital assets	4,360	(6,759)
Interest expense	(386,488)	(427,274)
Rental income	28,764	30,000
MTBE settlement, net (note 12)	6,872,846	6,595,563
Other income (expense), net	<u>(9,325)</u>	<u>(85,676)</u>
Total non-operating expenses, net	<u>6,932,963</u>	<u>5,789,700</u>
Net income before capital contributions	5,791,352	5,245,384
Capital contributions		
Capital grants – State	76,409	-
Assessments	<u>29,815</u>	<u>59,914</u>
Total capital contributions	<u>106,224</u>	<u>59,914</u>
Changes in net position	5,897,576	5,305,298
Net position – beginning of year	<u>45,361,086</u>	<u>40,055,788</u>
Net position – end of year	<u>\$ 51,258,662</u>	<u>45,361,086</u>

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 12,452,624	11,574,520
Cash paid to employees for salaries and wages	(2,662,165)	(2,516,547)
Cash paid to vendors and suppliers for materials and services	(8,382,918)	(7,373,769)
Net cash provided by operating activities	<u>1,407,541</u>	<u>1,684,204</u>
Cash flows from non-capital financing activities:		
Proceeds from settlement	6,872,846	6,595,563
Principal paid on pension-related debt	-	(720,992)
Net cash provided by non-capital financing activities	<u>6,872,846</u>	<u>5,874,571</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,537,457)	(1,364,017)
Proceeds from property owner assessments	29,815	59,914
Principal paid on long-term debt	(225,000)	(220,000)
Interest paid on long-term debt	(354,968)	(395,004)
Net cash used in capital and related financing activities	<u>(2,087,610)</u>	<u>(1,919,107)</u>
Cash flows from investing activities:		
Purchases of investments	(48,056,164)	(16,975,000)
Proceeds from sale of investments	43,159,932	14,939,454
Interest earnings	199,456	158,088
Net cash used in investing activities	<u>(4,696,776)</u>	<u>(1,877,458)</u>
Net decrease in cash and cash equivalents	1,496,001	3,762,210
Cash and cash equivalents, beginning of year	<u>4,854,754</u>	<u>1,092,544</u>
Cash and cash equivalents, end of year	<u><u>\$ 6,350,755</u></u>	<u><u>4,854,754</u></u>

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ <u>(1,141,611)</u>	<u>(544,316)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Deprecation	1,954,470	1,938,404
Non-operating, net	20,923	(62,444)
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water and wastewater, net	(184,466)	(158,888)
Accounts receivable – other	8,018	14,022
Materials and supplies inventory	39,835	(80,017)
Prepaid expenses and other deposits	(1,334)	(591)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	169,744	13,414
Accrued wages and related payables	4,048	(6,836)
Customer deposits	24,781	(10,597)
Compensated absences	(98,507)	9,797
Other post employment benefits payable	<u>611,640</u>	<u>572,256</u>
Total adjustments	<u>2,549,152</u>	<u>2,228,520</u>
Net cash provided by operating activities	\$ <u><u>1,407,541</u></u>	<u><u>1,684,204</u></u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of funds deposited with LAIF	\$ <u><u>(204)</u></u>	<u><u>(32)</u></u>

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Crescenta Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The Crescenta Valley Water District has been providing water and sewer service to the residents of the La Crescenta/Montrose area since 1950. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

B. 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 water purchases, 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 preformed bi-monthly. The District accrues revenues with respect to water and sewer service sold but not billed at the end of a fiscal period.

C. 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.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(1) Reporting Entity and Summary of Significant Accounting Policies

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period.

2. 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.

3. Investments and Investment Policy

The District has adopted an investment policy directing the Director of Finance 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.

4. Accounts Receivable

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

5. Prepaid Expenses

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

6. Inventory

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

7. 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 \$5,000. 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. 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 | 40 to 50 years |
| • Meters | 5 to 15 years |
| • Office equipment | 3 to 15 years |
| • Maintenance facilities | 5 to 15 years |

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

8. 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 and become vested, in accordance with District policy.

9. 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 Component of Net Position*– This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- *Restricted Component of Net Position* – This component of net position 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 Component of Net Position* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

10. Deposit Connection Fees

Connection fees are collected by the District to cover the cost of service connections within the District.

11. Water and Sewer Service Charges

The District recognizes water and sewer services charges based on cycle billings rendered to the customers on a bi-monthly basis.

12. 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.

13. 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.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(2) Cash and Investments

Cash and investments as of June 30, are classified in the Statement of Net Assets as follows:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 6,350,755	4,854,754
Investments	11,776,032	6,640,301
Investments – restricted	<u>617,105</u>	<u>617,099</u>
Total cash and investments	<u>\$ 18,743,892</u>	<u>12,112,154</u>

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

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 800	800
Deposits with financial institutions	3,719,597	1,244,657
Investments	<u>15,023,495</u>	<u>10,866,697</u>
Total cash and investments	<u>\$ 18,743,892</u>	<u>12,112,154</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the 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 the 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 the 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.

Investment in State Investment Pool

The District is a voluntary participant in the Local District 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.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(2) Cash and Investments, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Maturities of investments at June 30, 2014 were as follows:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	61-120 Months
U.S Treasury Notes	\$ 3,887,970	-	-	995,000	2,892,970
Federal Farm Credit Bank Bonds	7,887,661	-	-	1,988,180	5,899,481
Local Agency Investment Fund	2,568,046	2,568,046	-	-	-
Money Market Funds	679,818	679,818	-	-	-
Total	\$ 15,023,495	3,247,864	-	2,983,180	8,792,451

Maturities of investments at June 30, 2013 were as follows:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	61-120 Months
U.S Treasury Notes	\$ 1,873,120	-	-	1,873,120	-
Federal Farm Credit Bank Bonds	4,767,180	-	-	4,767,180	-
Local Agency Investment Fund	3,558,139	3,558,139	-	-	-
Money Market Funds	668,258	668,258	-	-	-
Total	\$ 10,866,697	4,226,397	-	6,640,300	-

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. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Credit ratings of investments as of June 30, 2014, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End		
			AAA	AA+	Not Rated
U.S Treasury Notes	\$ 3,887,970	A	\$ -	3,887,970	-
Federal Farm Credit Bank Bonds	7,887,661	A	-	7,887,661	-
Local Agency Investment Fund	2,568,046	N/A	-	-	2,568,046
Money Market Funds	679,818	AAA	679,818	-	-
Total	\$ 15,023,495		\$ 679,818	11,775,631	2,568,046

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings of investments as of June 30, 2013, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End		
			AAA	AA+	Not Rated
U.S Treasury Notes	\$ 1,873,120	A	\$ -	1,873,120	-
Federal Farm Credit Bank Bonds	4,767,180	A	-	4,767,180	-
Local Agency Investment Fund	3,558,139	N/A	-	-	3,558,139
Money Market Funds	668,258	AAA	668,258	-	-
Total	\$ 10,866,697		\$ 668,258	6,640,300	3,558,139

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.

(3) Accounts Receivable – Water and Wastewater, net

Accounts receivable – water and wastewater, net as of June 30, are as follows:

	2014	2013
Accounts receivable – water and wastewater	\$ 2,245,836	2,059,517
Allowance for doubtful accounts	(5,513)	(3,660)
Accounts receivable – water and wastewater, net	\$ 2,240,323	2,055,857

(4) Deferred Charges

On December 1, 2006, upon the issuance of the 2007 Certificates of Participation the District incurred costs amounting to \$115,187, which have been capitalized and amortized over the term of the bonds using the straight-line method. In fiscal year 2013, the District implemented GASB No. 65 fully amortizing the remaining balance in full.

(5) Capital Assets

Capital assets at June 30, 2014, are summarized as follows:

	Balance 2013	Additions/ Transfers	Deletions/ Transfers	Balance 2014
Non-depreciable assets:				
Water operations	\$ 2,012,203	1,411,521	(209,907)	3,213,817
Wastewater operations	12,712	19,082	(25,632)	6,162
Total non-depreciable assets	2,024,915	1,430,603	(235,539)	3,219,979
Depreciable assets, net:				
Water operations	20,308,484	(841,316)	-	19,467,168
Wastewater operations	20,609,849	(751,678)	-	19,858,171
Total depreciable capital assets, net	40,918,333	(1,592,994)	-	39,325,339
Total capital assets, net	\$ 42,943,248			42,545,318

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(5) Capital Assets, continued

Changes for water operations capital assets in 2014, were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Land	\$ 1,158,526	-	-	1,158,526
Construction-in progress	853,677	1,411,521	(209,907)	2,055,291
Total non-depreciable assets	<u>2,012,203</u>	<u>1,411,521</u>	<u>(209,907)</u>	<u>3,213,817</u>
Depreciable assets:				
Production equipment	7,006,012	129,535	-	7,135,547
Distribution equipment	27,513,231	51,343	-	27,564,574
Groundwater reclamation plant	2,642,127	-	-	2,642,127
Autos and trucks	849,195	93,440	(48,160)	894,475
Office equipment	571,660	61,526	-	633,186
Office building	548,360	-	-	548,360
Total depreciable assets	<u>39,130,585</u>	<u>335,844</u>	<u>(48,160)</u>	<u>39,418,269</u>
Accumulated depreciation:				
Production equipment	(3,332,687)	(331,114)	-	(3,663,801)
Distribution equipment	(12,091,877)	(590,469)	-	(12,682,346)
Groundwater reclamation plant	(2,077,126)	(105,685)	-	(2,182,811)
Autos and trucks	(698,227)	(72,649)	48,160	(722,716)
Office equipment	(422,030)	(66,193)	-	(488,223)
Office building	(200,154)	(11,050)	-	(211,204)
Total accumulated depreciation	<u>(18,822,101)</u>	<u>(1,177,160)</u>	<u>48,160</u>	<u>(19,951,101)</u>
Total depreciable assets, net	<u>20,308,484</u>	<u>(841,316)</u>	<u>-</u>	<u>19,467,168</u>
Total capital assets, net	<u>\$ 22,320,687</u>			<u>22,680,985</u>

Changes in 2014, for water operations capital assets consisted primarily in additions of \$129,535 in water production equipment, \$51,343 in water distribution equipment, \$93,439 in autos and trucks, and \$61,526 in office equipment. Deletions in 2014 include \$48,160 in autos and trucks.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(5) Capital Assets, continued

Changes for wastewater operations capital assets in 2014, were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Construction-in progress	\$ 12,712	19,082	(25,632)	6,162
Total non-depreciable assets	<u>12,712</u>	<u>19,082</u>	<u>(25,632)</u>	<u>6,162</u>
Depreciable assets:				
Wastewater collection system				
Interceptor	4,958,842	-	-	4,958,842
Unit 1	11,262,414	14,912	-	11,277,326
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	30,381	-	-	30,381
Autos and trucks	499,281	-	(16,053)	483,228
Safety equipment	6,569	-	-	6,569
Booster building	69,160	-	-	69,160
Office equipment	9,555	10,720	-	20,275
Total depreciable assets	<u>36,727,303</u>	<u>25,632</u>	<u>(16,053)</u>	<u>36,736,882</u>
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,151,581)	(99,182)	-	(2,250,763)
Unit 1	(4,880,093)	(259,840)	-	(5,139,933)
Unit 2	(8,544,710)	(406,530)	-	(8,951,240)
Tools and lab equipment	(27,882)	(1,000)	-	(28,882)
Autos and trucks	(491,105)	(6,324)	16,053	(481,376)
Safety equipment	(3,631)	(657)	-	(4,288)
Booster building	(10,105)	(2,305)	-	(12,410)
Office equipment	(8,347)	(1,472)	-	(9,819)
Total accumulated depreciation	<u>(16,117,454)</u>	<u>(777,310)</u>	<u>16,053</u>	<u>(16,878,711)</u>
Total depreciable capital assets, net	<u>20,609,849</u>	<u>(751,678)</u>	<u>-</u>	<u>19,858,171</u>
Total capital assets, net	<u>\$ 20,622,561</u>			<u>19,864,333</u>

Changes in 2014, for wastewater operations capital assets consisted of \$14,912 in interceptor unit 1 upgrades. Deletions in 2014 include \$16,053 in autos and trucks.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(5) Capital Assets, continued

Capital assets at June 30, 2013, are summarized as follows:

	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Non-depreciable assets:				
Water operations	\$ 1,349,157	1,046,286	(383,240)	2,012,203
Wastewater operations	37,258	45,784	(70,330)	12,712
Total non-depreciable assets	<u>1,386,415</u>	<u>1,092,070</u>	<u>(453,570)</u>	<u>2,024,915</u>
Depreciable assets, net:				
Water operations	20,806,501	(481,499)	(16,518)	20,308,484
Wastewater operations	21,315,103	(705,246)	(8)	20,609,849
Total depreciable capital assets, net	<u>42,121,604</u>	<u>(1,186,745)</u>	<u>(16,526)</u>	<u>40,918,333</u>
Total capital assets, net	<u>\$ 43,508,019</u>			<u>42,943,248</u>

Changes for water operations capital assets in 2013, were as follows:

	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Non-depreciable assets:				
Land	\$ 1,158,526	-	-	1,158,526
Construction-in progress	190,631	1,046,286	(383,240)	853,677
Total non-depreciable assets	<u>1,349,157</u>	<u>1,046,286</u>	<u>(383,240)</u>	<u>2,012,203</u>
Depreciable assets:				
Production equipment	8,038,592	260,682	(1,293,262)	7,006,012
Distribution equipment	27,429,465	254,044	(170,278)	27,513,231
Groundwater reclamation plant	2,642,127	-	-	2,642,127
Autos and trucks	745,614	124,458	(20,877)	849,195
Office equipment	625,503	42,144	(95,987)	571,660
Office building	548,360	-	-	548,360
Total depreciable assets	<u>40,029,661</u>	<u>681,328</u>	<u>(1,580,404)</u>	<u>39,130,585</u>
Accumulated depreciation:				
Production equipment	(4,284,667)	(334,070)	1,286,050	(3,332,687)
Distribution equipment	(11,675,941)	(586,214)	170,278	(12,091,877)
Groundwater reclamation plant	(1,971,441)	(105,685)	-	(2,077,126)
Autos and trucks	(668,263)	(50,841)	20,877	(698,227)
Office equipment	(433,743)	(74,968)	86,681	(422,030)
Office building	(189,105)	(11,049)	-	(200,154)
Total accumulated depreciation	<u>(19,223,160)</u>	<u>(1,162,827)</u>	<u>1,563,886</u>	<u>(18,822,101)</u>
Total depreciable assets, net	<u>20,806,501</u>	<u>(481,499)</u>	<u>(16,518)</u>	<u>20,308,484</u>
Total capital assets, net	<u>\$ 22,155,658</u>			<u>22,320,687</u>

Changes in 2013, for water operations capital assets consisted primarily in additions of \$260,682 in water production equipment, \$254,044 in water distribution equipment, \$124,458 in autos and trucks, and \$42,144 in office equipment. Deletions in 2013 include \$1,293,262 in production equipment, \$170,278 in distribution equipment, \$95,987 in office equipment, and \$20,877 in autos and trucks.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(5) Capital Assets, continued

Changes for wastewater operations capital assets in 2013, were as follows:

	Balance 2012	Additions/ Transfers	Deletions/ Transfers	Balance 2013
Non-depreciable assets:				
Construction-in progress	\$ 37,258	45,784	(70,330)	12,712
Total non-depreciable assets	37,258	45,784	(70,330)	12,712
Depreciable assets:				
Wastewater collection system				
Interceptor	4,953,835	5,007	-	4,958,842
Unit 1	11,197,090	65,324	-	11,262,414
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	36,776	-	(6,395)	30,381
Autos and trucks	506,240	-	(6,959)	499,281
Safety equipment	6,569	-	-	6,569
Booster building	119,160	-	(50,000)	69,160
Office equipment	9,555	-	-	9,555
Total depreciable assets	36,720,326	70,331	(63,354)	36,727,303
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,052,649)	(98,932)	-	(2,151,581)
Unit 1	(4,624,265)	(255,828)	-	(4,880,093)
Unit 2	(8,138,181)	(406,529)	-	(8,544,710)
Tools and lab equipment	(33,152)	(1,125)	6,395	(27,882)
Autos and trucks	(489,117)	(8,947)	6,959	(491,105)
Safety equipment	(2,974)	(657)	-	(3,631)
Booster building	(56,958)	(3,139)	49,992	(10,105)
Office equipment	(7,927)	(420)	-	(8,347)
Total accumulated depreciation	(15,405,223)	(775,577)	63,346	(16,117,454)
Total depreciable capital assets, net	21,315,103	(705,246)	(8)	20,609,849
Total capital assets, net	\$ 21,352,361			20,622,561

Changes in 2013, for wastewater operations capital assets consisted of \$5,007 in interceptor, and \$65,324 in interceptor unit 1 upgrades. Deletions in 2013 include \$6,395 in tools and equipment, \$6,959 in autos and trucks, and \$50,000 in the booster building.

(6) Compensated Absences

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

The changes to compensated absences balances at June 30, were as follows:

Balance 2013	Additions	Deletions	Balance 2014	Due Within One Year	Due in More Than One Year
\$ 433,563	160,302	(258,809)	335,056	83,764	251,292
Balance 2012	Additions	Deletions	Balance 2013	Due Within One Year	Due in More Than One Year
\$ 423,767	291,746	(281,950)	433,563	108,391	325,172

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(7) Long-Term Debt

Long-term debt at June 30, 2014, is summarized as follows:

	<u>2013</u>	<u>Additions</u>	<u>Payments</u>	<u>2014</u>
2007 Series COP	\$ 9,060,000	-	(225,000)	8,835,000
Less: current portion	(225,000)			(235,000)
Discount on debt	(210,697)			(201,770)
Long-term portion	<u>\$ 8,624,303</u>			<u>8,398,230</u>

Long-term debt at June 30, 2013, is summarized as follows:

	<u>2012</u>	<u>Additions</u>	<u>Payments</u>	<u>2013</u>
2007 Series COP	\$ 9,280,000	-	(220,000)	9,060,000
Less: current portion	(220,000)			(225,000)
Discount on debt	(219,624)			(210,697)
Long-term portion	<u>\$ 8,840,376</u>			<u>8,624,303</u>

2007 Series Certificates of Participation

On December 1, 2006, the Crescenta Valley Water District issued \$10,070,000 of 2007 Series Certificates of Participation at an average rate of 4.19% to construct a variety of capital improvements to the District's water system and pay down loan debt from La Salle Bank. A reserve fund is held by the trustee and was funded from proceeds from the 2007 Certificates of Participation. Improvements include well rehabilitation, improvements to water reservoirs, water production and distribution systems. Debt service payments are due each June 1st and December 1st with principal payments commencing on June 1, 2009, maturing in fiscal year 2037.

Future annual debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 235,000	378,238	613,238
2016	245,000	368,838	613,838
2017	255,000	359,038	614,038
2018	265,000	348,838	613,838
2019	275,000	338,238	613,238
2020-2024	1,560,000	1,512,650	3,072,650
2025-2029	1,925,000	1,150,838	3,075,838
2030-2034	2,380,000	692,344	3,072,344
2035-2037	<u>1,695,000</u>	<u>150,500</u>	<u>1,845,500</u>
Total	8,835,000	<u>5,299,520</u>	<u>14,134,520</u>
Less current portion	(235,000)		
Discount on debt	<u>(201,770)</u>		
Total non-current	<u>\$ 8,398,230</u>		

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(8) Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multi-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution rate for plan members in the CalPERS, 2.0% at 55 Risk Pool Retirement Plan is 7% of their annual covered salary and is paid by the District. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension costs (APC) percentage of payroll for fiscal years 2014, 2013 and 2012 as noted on the following page. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

California Public Employees' Pension Reform Act of 2013

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.

Funding Policy

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

Second-Tier – Beginning January 1, 2013

The contribution rate for plan members in the CalPERS 2.0% at 62 Retirement Plan under PEPRA is 6.25% of their annual covered wages. The Agency filed a Certification of Memorandum of Understanding (MOU) Impairment with CalPERS prior to January 1, 2013. All Agency employees, including those employees hired on or after January 1, 2013 contribute 0.0% of their annual covered wages to their account. Also, the Agency is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

For fiscal years 2014, 2013 and 2012, the Agency's annual contributions for the CalPERS plan were equal to the Agency's required and actual contributions for each fiscal year as follows:

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(8) Defined Benefit Pension Plan, continued

Three Year Trend Information:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>APC Percentage of Payroll</u>
2013-2014	\$ 376,787	100%	13.967%
2012-2013	357,566	100%	13.357%
2011-2012	315,706	100%	12.983%

See the Funding Status on page 35

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially-determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods, and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions, continued

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, open
Average remaining amortization period	20 years as of the valuation date
Asset valuation method	15 year smoothed market
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

(9) Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program) administered by CalPERS and FTJ Fund Choice. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by the District plan amounted to \$1,314,870 and \$1,113,225 in fiscal years 2014 and 2013, respectfully.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(9) Deferred Compensation Plan, continued

The District has implemented GASB Statement No. 32, Accounting for Financial Reporting for Internal Revenue code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the Statements of Net Position.

(10) Other Post-Employment Benefits Payable

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. During the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

A retired employee and dependent spouse, or spouse of a deceased employee or retiree must satisfy the following requirements in order to be eligible for post employment medical and dental benefits:

- Employee is a minimum of 55 years of age with at least 10 years of continuous service.

If the spouse of a deceased employee or retiree remarries and becomes eligible for health benefits under his/her new spouse's health plan, all District benefits shall be terminated.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Active plan members	34	33	33
Retirees and beneficiaries receiving benefits	22	23	22
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>56</u>	<u>56</u>	<u>55</u>

Plan Description – Benefits

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

Funding Policy

The District is required to accrue the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 25.51% of the annual covered payroll.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(10) Other Post-Employment Benefits Payable, continued

Annual Cost

For the year ended June 30, 2014, the District's ARC cost is \$758,500. The District's net OPEB payable obligation amounted to \$2,556,685 for the year ended June 30, 2014. The District contributed \$143,909 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2014.

The balance at June 30, consists of the following:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 758,500	703,265	652,653
Interest on net OPEB obligation	86,924	61,545	37,975
Adjustment to annual required contribution	<u>(89,874)</u>	<u>(61,626)</u>	<u>(36,876)</u>
Total annual OPEB expense	755,550	703,184	653,752
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(143,910)</u>	<u>(130,928)</u>	<u>(124,841)</u>
Total change in net OPEB payable obligation	611,640	572,256	528,911
OPEB payable – beginning of year	<u>1,945,045</u>	<u>1,372,789</u>	<u>843,878</u>
OPEB payable – end of year	<u>\$ 2,556,685</u>	<u>1,945,045</u>	<u>1,372,789</u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 and the three preceding years were as follows:

Three-Year History of Net OPEB Obligation				
Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2014	\$ 755,550	143,910	19.05%	\$ 611,640
2013	703,184	130,928	18.62%	572,256
2012	653,752	124,841	19.10%	528,911

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2011) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$7,116,527. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2014 was \$2,961,875. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 240.27%.

See the Schedule of Funding Status of the District's Other Post-Employment Benefits Obligation in the Required Supplementary Information Section on Page 34.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(10) Other Post-Employment Benefits Payable, continued

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	30 Year level percent of payroll Amortization
Remaining amortization period	27 Years as of the valuation date
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increase	3.25%
Inflation - discount rate	4.50%

(11) Net Position

Calculation of net position as of June 30, is as follows:

	<u>2014</u>	<u>2013</u>
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 3,219,979	2,024,915
Depreciable capital assets, net	39,325,339	40,918,333
Certificates of participation payable – current	(235,000)	(225,000)
Certificates of participation payable – non-current	(8,398,230)	(8,624,303)
Total net investment in capital assets	<u>33,912,088</u>	<u>34,093,945</u>
Restricted net position:		
Investments – restricted	<u>617,105</u>	<u>617,099</u>
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	258,300	298,135
Prepaid expenses and other deposits	42,202	40,868
Total non-spendable net position	<u>300,502</u>	<u>339,003</u>
Spendable net position is as follows:		
Unrestricted	<u>16,428,967</u>	<u>10,311,039</u>
Total spendable net position	<u>16,428,967</u>	<u>10,311,039</u>
Total unrestricted net position	<u>16,729,469</u>	<u>10,650,042</u>
Total net position	<u>\$ 51,258,662</u>	<u>45,361,086</u>

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(12) MTBE Settlements

In fiscal year 2014, the District approved and authorized a Methyl Tertiary Butyl Ether (MTBE) water contamination settlement agreement with various petroleum and chemical companies. Net proceeds from the settlement agreement are as follows: Lyondell Chemical Company \$547,071, Shell Oil Company \$3,000,000, Chevron Corporation \$733,333, Ultramar Inc. \$2,565,542 and Miller & Axline \$26,899. At June 30, 2014, total proceeds received, net of legal expenses, amounted to \$6,872,846.

In fiscal year 2013, the District approved and authorized a Methyl Tertiary Butyl Ether (MTBE) water contamination settlement agreement with Exxon Mobil. Net proceeds from the settlement totaled \$1,386,187. In addition, the District approved and authorized a gross MTBE water contamination settlement agreement with two parties ConocoPhillips and Arco-BP. Net proceeds from the agreement with ConocoPhillips and Arco-BP totaled \$2,677,296 and \$2,697,851, respectively. At June 30, 2013, total proceeds received, net of legal expenses, amounted to \$6,595,563.

The District has determined to designate funds received as part of the MTBE Settlement for use in approved projects. As a result, these funds are not included in general operating reserves as designated by the Board of Directors. At June 30, designated MTBE funds are as follows:

	<u>2014</u>	<u>2013</u>
MTBE designated funds	\$ <u>9,908,656</u>	<u>2,818,605</u>

(13) 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, 2014, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit at \$1,000,000 per occurrence. The District has additional excess coverage layers through ACWA/JPIA: \$49 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

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

- Employee dishonesty coverage up to \$1,000,000 per loss, subject to a \$100,000 deductible, includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- 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, to a combined total of \$100 million per occurrence, subject to a \$2,500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(13) Risk Management, continued

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 ending June 30, 2014, 2013 and 2012. 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, 2014, 2013, and 2012, respectively.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2014, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 71

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Crescenta Valley Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2014 and 2013

(15) 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.

(16) Subsequent Events

Events occurring after June 30, 2014, have been evaluated for possible adjustment to the financial statements or disclosure as of November 1, 2014, 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.

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Required Supplementary Information

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Cresenta Valley Water District
Schedule of Funding Status
For the Fiscal Years Ended June 30, 2014 and 2013

(1) Defined Benefit Pension Plan

Development of the Actuarial Value of Assets Calculation in a Risk Pool			
The District is part of the CalPERS Miscellaneous 2.0% at 55 yrs. Risk Pool	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013 *</u>
1. Plan's accrued liability	\$ 11,731,803	12,129,916	-
2. Plan's side fund	(794,150)	(771,746)	-
3. Pool's accrued liability	3,619,835,876	4,175,139,166	-
4. Pool's side fund	(115,840,552)	(132,335,224)	-
5. Pool's actuarial value of assets (AVA) including receivables	3,203,214,899	3,686,598,343	-
6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5]	9,998,773	10,357,418	-
7. Pool's market value of assets (MVA) including receivables	2,867,303,802	3,120,110,130	-
8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]	8,950,233	8,765,882	-

Funding History

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios, and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan in the risk pool.

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (a)</u>	<u>Actuarial Value of Assets (AVA) (b)</u>	<u>Market Value of Assets (MVA) (c)</u>	<u>Funded Ratio AVA (b/a)</u>	<u>MVA (c/a)</u>	<u>Annual Covered Payroll</u>
June 30, 2011	\$ 11,731,803	9,998,773	8,950,233	85.2%	76.3%	\$ 2,468,799
June 30, 2012	12,129,916	10,357,418	8,765,882	85.4%	72.3%	2,443,885
June 30, 2013	-	-	-	0.00%	0.00%	-

* CalPERS has not provided the information for these periods as of the date of the audit report.

(2) Other Post-Employment Benefits Payable

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2011	\$ -	7,116,527	7,116,527	0.00%	\$ 2,961,875	240.27%
7/1/2008	-	5,407,674	5,407,674	0.00%	3,007,857	179.78%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2015 based on the year ending June 30, 2014.

Supplemental Information

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Crescenta Valley Water District
Combining Schedule of Statements of Net Position
For the Fiscal Year Ended June 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	\$ 5,713,389	637,366	6,350,755
Accrued interest receivable	47,810	-	47,810
Accounts receivable – water and wastewater, net	1,688,178	552,145	2,240,323
Accounts receivable – other	5,492	-	5,492
Materials and supplies inventory	243,808	14,492	258,300
Prepaid expenses and other deposits	26,539	15,663	42,202
Total current assets	7,725,216	1,219,666	8,944,882
Non-current assets:			
Investments	11,776,032	-	11,776,032
Investments – restricted	617,105	-	617,105
Internal balances	(239,672)	239,672	-
Capital assets – not being depreciated	3,213,817	6,162	3,219,979
Depreciable capital assets	19,467,168	19,858,171	39,325,339
Total non-current assets	34,834,450	20,104,005	54,938,455
Total assets	42,559,666	21,323,671	63,883,337
Deferred outflows of resources: (note 6)			
Discount on Certificates of Participation	-	-	-
Total deferred outflows of resources	-	-	-
Current liabilities:			
Accounts payable and accrued expenses	782,758	57,483	840,241
Accrued wages and related payables	13,850	9,365	23,215
Customer deposits	181,462	23,266	204,728
Accrued interest expense	31,520	-	31,520
Long-term liabilities – due within one year:			
Compensated absences	62,823	20,941	83,764
Certificates of participation	235,000	-	235,000
Total current liabilities	1,307,413	111,055	1,418,468
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	188,469	62,823	251,292
Other post employment benefits payable	1,534,011	1,022,674	2,556,685
Certificates of participation	8,398,230	-	8,398,230
Total non-current liabilities	10,120,710	1,085,497	11,206,207
Total liabilities	11,428,123	1,196,552	12,624,675
Net position:			
Net Investment in capital assets	14,047,755	19,864,333	33,912,088
Restricted	617,105	-	617,105
Unrestricted	16,466,683	262,786	16,729,469
Total net position	\$ 31,131,543	20,127,119	51,258,662

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Combining Schedule of Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water operations – consumption sales	\$ 7,026,866	-	7,026,866
Water operations – service charge	1,731,323	-	1,731,323
Water operations – other charges	628,393	-	628,393
Wastewater operations – user and standby charges	-	3,241,490	3,241,490
Wastewater operations – other charges	-	1,000	1,000
Total operating revenues	<u>9,386,582</u>	<u>3,242,490</u>	<u>12,629,072</u>
Operating expenses:			
Source of supply – water purchases	3,150,800	-	3,150,800
Plant operations	1,864,744	204,980	2,069,724
Distribution system	1,363,315	-	1,363,315
City of Los Angeles wastewater system	-	914,177	914,177
Collection system	-	303,112	303,112
General and administrative expenses	2,501,737	1,513,348	4,015,085
Total operating expenses before depreciation	<u>8,880,596</u>	<u>2,935,617</u>	<u>11,816,213</u>
Operating income before depreciation	505,986	306,873	812,859
Depreciation expense	<u>(1,177,160)</u>	<u>(777,310)</u>	<u>(1,954,470)</u>
Operating loss	<u>(671,174)</u>	<u>(470,437)</u>	<u>(1,141,611)</u>
Non-operating revenues(expenses):			
Investment earnings	422,599	207	422,806
Gain(loss) on sale of capital assets	4,360	-	4,360
Interest expense	(386,488)	-	(386,488)
Rental income	21,573	7,191	28,764
MTBE settlement, net	6,872,846	-	6,872,846
Other income(expense), net	<u>(7,713)</u>	<u>(1,612)</u>	<u>(9,325)</u>
Total non-operating revenues, net	<u>6,927,177</u>	<u>5,786</u>	<u>6,932,963</u>
Net income (loss) before capital contributions	6,256,003	(464,651)	5,791,352
Capital contributions:			
Capital grants – State	76,409	-	76,409
Assessments	-	29,815	29,815
Total capital contributions	<u>76,409</u>	<u>29,815</u>	<u>106,224</u>
Changes in net position	<u>6,332,412</u>	<u>(434,836)</u>	<u>5,897,576</u>
Net position – beginning of year	<u>24,799,131</u>	<u>20,561,955</u>	<u>45,361,086</u>
Net position – end of year	<u><u>\$ 31,131,543</u></u>	<u><u>20,127,119</u></u>	<u><u>51,258,662</u></u>

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Net Position
Water Operations
For the Fiscal Years Ended June 30, 2014 and 2013

	2014		2013	
	Amount	Percent	Amount	Percent
Operating revenues:				
Consumption sales – customers	\$ 7,026,866	74.86%	6,530,258	74.30%
Consumption sales – others	101,939	1.09%	100,107	1.14%
Service charges	1,731,323	18.44%	1,633,352	21.18%
Meter installations	24,883	0.27%	64,019	0.83%
Other revenue	501,571	5.34%	461,769	5.99%
Total operating revenues	9,386,582	100.00%	8,789,505	100.00%
Operating expenses:				
Source of supply – water purchases	3,150,800	35.48%	2,233,668	29.40%
Plant operations:				
Power	658,340	8.67%	636,754	8.69%
Plant wages	585,966	7.71%	590,334	8.06%
Utilities	16,329	0.21%	12,660	0.17%
Telephone	46,082	0.61%	31,260	0.43%
Maintenance	142,861	1.88%	106,373	1.45%
Signal system	12,899	0.17%	32,639	0.45%
Lab and treatment	176,764	2.33%	189,897	2.59%
Nitrate treatment	39,189	0.52%	60,678	0.83%
Insurance	104,694	1.38%	127,990	1.75%
Other expense	81,620	1.07%	59,312	0.81%
Total plant operations	1,864,744	24.55%	1,847,897	25.23%
Distribution system:				
Meter maintenance	1,146,535	15.09%	847,862	11.58%
Pipeline maintenance	33,944	0.45%	62,310	0.85%
Backflow operations	389	0.01%	927	0.01%
Reservoir and building maintenance	50,773	0.67%	63,619	0.87%
Auto and truck expense	119,644	1.57%	85,000	1.16%
Property taxes	12,030	0.16%	11,877	0.16%
Total distribution system	\$ 1,363,315	17.94%	1,071,595	14.63%

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Net Position
Water Operations, Continued
For the Fiscal Years Ended June 30, 2014 and 2013

	2014		2013	
	Amount	Percent	Amount	Percent
General and administrative:				
Directors' fees	\$ 8,370	0.11%	8,280	0.11%
Salaries – statutory officers	144,628	1.90%	139,364	1.90%
Salaries – general office	386,131	5.08%	429,031	5.86%
Retirement (CalPERS)	264,073	3.48%	257,323	3.51%
Payroll taxes	126,904	1.67%	119,407	1.63%
Engineering and drafting	313,708	4.13%	287,879	3.93%
Accounting	15,079	0.20%	7,428	0.10%
Legal	42,935	0.57%	47,314	0.65%
Administrative consultant - water system	13,586	0.18%	64,705	0.88%
Insurance – general	14,131	0.19%	18,996	0.26%
Insurance – group	729,713	9.60%	696,566	9.51%
Maintenance	15,263	0.20%	22,034	0.30%
Computer and supplies	71,617	0.94%	57,934	0.79%
Utilities	17,698	0.23%	16,383	0.22%
Telephone	39,554	0.52%	49,869	0.68%
Printing and postage	41,638	0.55%	47,394	0.65%
Bad debt	-	0.00%	-	0.00%
Water system fees	47,454	0.62%	36,217	0.49%
Water conservation	82,318	1.08%	54,554	0.74%
Training	32,092	0.42%	34,667	0.47%
Other	94,845	1.25%	48,723	0.67%
Total general and administrative	2,501,737	32.93%	2,444,068	33.37%
Total operating expenses	8,880,596	110.90%	7,597,228	102.64%
Operating income before depreciation	505,986	5.39%	1,192,277	13.56%
Depreciation expense	(1,177,160)	-12.54%	(1,162,827)	-13.23%
Operating loss	(671,174)	-7.15%	29,450	0.34%
Non-operating revenues(expense):				
Investment earnings	422,599	6.10%	(363,935)	-4.14%
Gain(loss) on sale of capital assets	4,360	0.06%	(9,193)	-0.10%
Interest expense	(386,488)	-5.58%	(414,486)	-4.72%
Rental income	21,573	0.31%	22,500	0.26%
MTBE settlement, net	6,872,846	99.22%	6,595,563	0.00%
Other income(expense), net	(7,713)	-0.11%	(96,979)	-1.10%
Total non-operating revenues, net	6,927,177	100.00%	5,733,470	-9.81%
Net income (loss) before capital contributions	6,256,003	100.00%	5,762,920	100.00%
Capital contributions:				
Capital grants – state	76,409	1.10%	-	0.00%
Change in net position	\$ 6,332,412	67.46%	5,762,920	65.57%

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Operations
For the Fiscal Years Ended June 30, 2014 and 2013

	2014		2013	
	Amount	Percent	Amount	Percent
Operating revenues:				
User and standby charges	\$ 3,241,490	99.97%	2,928,381	99.95%
Other charges	1,000	0.03%	1,500	0.05%
Total operating revenues	3,242,490	100.00%	2,929,881	100.00%
Operating expenses:				
City of Los Angeles wastewater system expense	914,177	31.14%	865,052	31.71%
Plant operations:				
Power	691	0.03%	720	0.03%
Plant wages	77,040	2.82%	86,171	3.16%
Utilities	3,558	0.13%	2,575	0.09%
Telephone	15,361	0.56%	8,598	0.32%
Maintenance	5,017	0.18%	5,397	0.20%
Insurance - general	85,215	3.12%	100,034	3.67%
Other expense	18,098	0.66%	26,610	0.98%
Total plant operations	204,980	7.51%	230,105	8.45%
Collection system:				
Maintenance	241,930	8.87%	146,267	5.37%
Auto and truck expense	59,939	2.20%	44,457	1.63%
Inspection	1,243	0.05%	33	0.00%
Total collection system	\$ 303,112	11.11%	190,757	7.00%

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Operations, Continued
For the Fiscal Years Ended June 30, 2014 and 2013

	2014		2013	
	Amount	Percent	Amount	Percent
General and administrative:				
Directors' fees	\$ 8,370	0.31%	8,280	0.30%
Salaries – statutory officers	144,628	5.30%	139,364	5.12%
Salaries – general office	268,444	9.84%	272,923	10.02%
Retirement (CalPERS)	176,593	6.47%	172,093	6.32%
Payroll taxes	84,603	3.10%	79,514	2.92%
Engineering and drafting	104,254	3.82%	95,005	3.49%
Accounting	15,079	0.55%	7,428	0.27%
Legal	15,546	0.57%	14,289	0.52%
Administrative	9,519	0.35%	16,251	0.60%
Insurance – general	9,420	0.35%	12,755	0.47%
Insurance – group	485,756	17.81%	463,449	17.01%
Maintenance	5,088	0.19%	7,361	0.27%
Computer and supplies	33,669	1.23%	29,976	1.10%
Utilities	5,522	0.20%	4,909	0.18%
Telephone	13,178	0.48%	18,407	0.68%
Printing and postage	41,406	1.52%	45,132	1.66%
Bad debt	-	0.00%	-	0.00%
Training	4,860	0.18%	3,077	0.11%
Other	87,413	3.20%	51,943	1.91%
Total general and administrative	1,513,348	55.47%	1,442,156	52.94%
Total operating expenses	2,935,617	105.24%	2,728,070	100.09%
Operating income before depreciation	306,873	9.46%	201,811	6.89%
Depreciation expense	(777,310)	-23.97%	(775,577)	-26.47%
Operating loss	(470,437)	-14.51%	(573,766)	-19.58%
Non-operating revenues(expense):				
Investment earnings	207	0.01%	47,781	1.63%
Gain(loss) on sale of capital assets	-	0.00%	2,434	0.08%
Interest expense	-	0.00%	(12,788)	-0.44%
Rental income	7,191	0.22%	7,500	0.26%
Other income(expense), net	(1,612)	-0.05%	11,303	0.00%
Total non-operating revenues, net	5,786	0.18%	56,230	1.53%
Loss before capital contributions	(464,651)	-14.33%	(517,536)	-18.05%
Capital contributions:				
Assessments	29,815	0.92%	59,914	2.04%
Change in net position	\$ (434,836)	-13.41%	(457,622)	-15.62%

See accompanying notes to the basic financial statements

Report on Internal Controls and Compliance

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

Board of Directors
Crescenta Valley Water District
La Crescenta, California

We have audited, in accordance with the 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, the financial statements of the Crescenta Valley Water District (District), as of and for the years June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2014.

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 audit 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 an Audit 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.

Charles Z. Fedak & Company, CPAs - An Accountancy Corporation
Cypress, California
November 1, 2014

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Crescenta Valley Water District

Management Report

June 30, 2014

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Crescenta Valley Water District

Management Report

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Board of Directors
Crescenta Valley Water District
La Crescenta, California

Dear Members of the Board:

We have audited the basic financial statements of the Crescenta Valley Water District (District) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America. We considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of District 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 misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies in internal control that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a deficiency, or combination of deficiencies in internal control that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected and corrected, on a timely basis.

Our consideration on internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

Summary of Current Year Comments and Recommendations

Credit Card Usage and Documentation Policy

During our audit of the District's financial statements for the year ended June 30, 2014, we noted that the District does not have a formalized policy for credit card usage. During our testing, we noted that support for purchases made with District credit cards varied in the level of detail provided. We recommend that the District review District credit card usage and draft a policy that provides guidelines for authorized credit card usage and limits. Additionally, the policy should require credit card users to provide purchase support that includes at a minimum, a detailed original receipt for purchased items, and the business purpose for the purchase. Documented support for purchases made on District credit cards should be submitted to the accounting and finance department each period for verification and reconciliation to the monthly credit card statement.

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 start of the audit. 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.

Status of Comments and Recommendations Made in the Previous Year

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 start of the audit. 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.

* * * * *

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.

Charles Z. Fedak & Company, CPAs – An Accountancy Corporation
Cypress, California
November __, 2014

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APPENDIX

Crescenta Valley Water District

Audit/Finance Committee Letter

June 30, 2014

Board of Directors
Crescenta Valley Water District
La Crescenta, California

We have audited the basic financial statements of the Crescenta Valley Water District (District) for the year ended June 30, 2014 and have issued our report thereon dated November __, 2014. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter dated April 7, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are 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 specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated to management during our interim fieldwork.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2014 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management's Judgments, Accounting Estimates and Financial Disclosures

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements is (are):

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 it is 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 it is 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.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

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 5 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

Corrected and Uncorrected Misstatements

There were seven audit adjustments and/or reclassification entries made to the original trial balance presented to us to begin our audit. We have provided a listing of these audit adjustments to the District's management and have included them at the end of this report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated November __, 2014.

Conclusion

We appreciate the cooperation extended us by Ron Mitchell, Secretary/Treasurer 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.

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

Charles Z. Fedak & Company, CPAs – An Accountancy Corporation
Cypress, California
November __, 2014

Crescenta Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2014

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
AJE - To adjust sick leave portion of compensated absences from 100% accrued to 505 accrued per policy at June 30, 2014.			
01-00-2233-000	Accrued Compensated Absences	104,997.05	
02-00-2233-000	Accrued Compensated Absences	34,999.02	
01-01-5070-000	Sick Leave/Vacation-Office		62,998.23
01-02-5070-000	Sick Leave/Vacation-Plant		41,998.82
02-01-5070-000	Sick Leave/Vacation-Office		20,999.41
02-02-5070-000	Sick Leave/Vacation-Plant		13,999.61
Total		139,996.07	139,996.07
Adjusting Journal Entries JE # 2			
AJE - To reclass capital contribution - State grant income from CIP to revenue at June 30, 2014			
01-00-1323-000	Pipelines - Water Mains	51,343.04	
01-00-1400-033	E-733 Chlorination Stn William	25,066.08	
01-00-4285-00	Grant Revenue - State		76,409.12
Total		76,409.12	76,409.12
Adjusting Journal Entries JE # 3			
AJE - To adjust unbilled for July cycle four estimated to actual billing at June 30, 2014.			
01-00-1111-005	Accounts Receivable - Unbilled	78,206.00	
02-00-1111-005	Accounts Receivable - Unbilled	13,124.00	
01-00-4010-000	Water Sales - Consumers		44,514.00
01-00-4010-005	FMWD Charge		24,796.00
01-00-4010-007	Irrigation		5,699.00
01-00-4010-008	Water Sales- Service Charge		3,105.00
01-00-4010-009	Water Sales - Fire Service		92.00
02-00-4010-000	Sewage Disposal Sales		13,124.00
Total		91,330.00	91,330.00
Adjusting Journal Entries JE # 4			
AJE - To adjust LAIF for quarterly interest included in principal balance, already recorded as interest receivable at June 30, 2014.			
01-00-4240-000	Interest Earned - Water	1,415.97	
01-00-1005-000	Local Agency Investment Fund		1,415.97
Total		1,415.97	1,415.97
Adjusting Journal Entries JE # 5			
AJE - To adjust fair market value of investments per analysis at June 30, 2014.			
01-00-4265-000	Fair Value Adjustment	21,688.38	
01-00-1055-000	Fair Value Adjustment - Invest		21,688.38
Total		21,688.38	21,688.38
Adjusting Journal Entries JE # 6			
AJE - To adjust A/R for bad debt write off at June 30, 2014			
01-01-5240-000	Uncollectible Accounts	4,507.07	
02-01-5240-000	Uncollectible Accounts	1,669.71	
01-00-1111-000	Accounts Receivable - Consumer		4,507.07
02-00-1111-000	Accounts Receivable - Consumer		1,669.71
Total		6,176.78	6,176.78
Adjusting Journal Entries JE # 7			
AJE - To reclass credit balances in AR at June 30, 2014			
01-00-1111-000	Accounts Receivable - Consumer	20,827.37	
01-00-2370-000	Misc Accrued Expense		20,827.37
Total		20,827.37	20,827.37

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Agenda Item No. 4
December 9, 2014

To: Honorable President and Members of the Board of Directors
From: Ron L. Mitchell – Secretary-Treasurer
Subject: Temporary Employee

AGENDA ITEM

Temporary Employee – Consideration and motion to authorize an additional six month extension for the Utility Worker I temporary employee.

BACKGROUND:

CVWD currently employs five full-time Utility Workers along with one Supervisor to perform construction & maintenance duties related to meter replacements, lateral replacements, repair of leaking water mains, exercising valves, fire hydrant repairs and maintenance, and various tasks related to these duties. In addition, the District employs two Maintenance Workers and a Supervisor who performs the cleaning, videotaping and maintenance of the sewer collection system, and are trained to help with the construction crews when needed.

In June 2014, staff informed the Board that due to a work related injury, a non-work related injury, and a need for a leave-of-absence; we were short-handed and needed additional help to do all the work necessary. The work related injury to one of our Utility Workers was reported to the Board by Mr. Erdman in November 2013. At that time it was believed that the injury was not too serious and the employee would be able to return shortly. As it turns out, the injury was more severe than first expected and the employee still has not returned to work and it appears that he may not return for several more months. Due to Health Insurance Portability and Accountability Act (HIPPA) regulations I am unable to give more details related to these situations.

The Board granted staff's request for additional help and we hired Tyler Smith to fill this role. The Board authorization was for six months and that period will expire on December 12th. As mentioned above, the injured worker still has not returned and there is still a need to have the additional help until that situation is resolved. The MOU does allow for the use of a temporary worker for a period not to exceed one year.

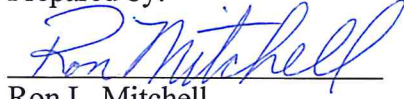
FINANCIAL CONSIDERATIONS

There will be a cost for the temporary employee during the period of employment of approximately \$3,800 per month, which will be offset by not having to pay the salary of the full-time Utility Worker II. Temporary employees do not receive any benefits and the only cost in addition to pay is the cost for worker's compensation insurance. However, CalPERS retirement laws state that once an employee works 1,000 hours in any year they must be enrolled in the system. If we retain the current temporary employee for an additional six months then he would need to be enrolled and the District will incur some added costs. The temporary employee would fall under the new PEPPA laws and would have to pay his portion of the cost, but there is still the employer portion (6.25%) that the District would have to pay. This additional expense of \$237.50 per month is offset by the savings to the District of the injured worker's salary and benefits which are significantly higher.

RECOMMENDATION:

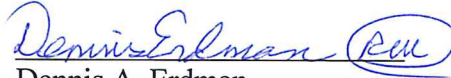
It is recommended that the Board of Directors authorize the General Manager to extend the employment of the current temporary employee for a period not-to-exceed six months to perform Utility Worker duties.

Prepared by:



Ron L. Mitchell
Secretary-Treasurer

Submitted by:



Dennis A. Erdman
General Manager

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Item No. 5
December 9, 2014

To: Board of Directors
From: Ron L. Mitchell, Secretary-Treasurer
Subject: Resolution No. 722 – District Investment Policy

ACTION ITEM:

1. **Resolution No. 722 District Investment Policy** – Consideration and motion to adopt Resolution No. 722 outlining the District's Investment Policy for 2015.

BACKGROUND:

Annually the Secretary-Treasurer shall prepare and submit a statement of investment policy for monies not required for the immediate necessities of the local agency in accordance with provisions of California Government Code Sections 5922 and 53601 et seq. to the Board of Directors. This Investment Policy and any changes thereto, shall be considered at a public meeting.

The current Investment Policy is modeled after the state and Staff has consulted with legal counsel regarding any changes made by the legislature in the last year. Mr. Bunn informed me that he was not aware of any changes by the Legislature during the year, including issues such as what percentage of moneys and types of permissible investment types, which have changed from the current policy. This policy also incorporates the amendment to previous policy that allows up to 50% of the total portfolio to be invested in securities with up to a 10 year maturity.

Even though several investment options are outlined and permissible by the state for the District to use for our funds, staff continues to follow the request of the Board to only place such funds in U. S. Treasuries, Federal Farm Credit Bank securities and the Local Agency Investment Fund (LAIF). It is still staff's request to keep all available options open for consideration when the current economic conditions change.

Recommendation

It is staff recommendation that the Board adopt Resolution No. 722 to approve the District's Investment Policy for the year 2015 as presented.

Prepared & Submitted by:



Ron L. Mitchell, Secretary-Treasurer



Dennis A. Erdman, General Manager

RESOLUTION NO. 722

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY

1. POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Treasurer of the Crescenta Valley Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE, it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall be responsible for all transactions undertaken and shall make a monthly report of those transactions to the Board of Directors. Under the provisions of California Government Code 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code 53601 et seq. to invest in the following:

- a. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

- b. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- c. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- d. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- e. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- f. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- g. Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity or 40% of the District's moneys that may be invested pursuant to this section. However, no more than 30% of the District's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.
- h. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by the nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either part (1) or part (2): (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets greater than \$500 million. (C) Has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO. (2) The entity meets the following criteria: (A) is organized within the United States as a special purpose corporation, trust or limited liability company. (B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. The District may invest no more than 25% of its moneys in eligible commercial paper. The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.
- i. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank. Purchases of

negotiable certificates of deposit shall not exceed 30% of the District's moneys that may be invested pursuant to this policy. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

- j. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. Securities purchased under these agreements shall be no less than 102% of market value and are subject to the special limits in California Government Code 53601(j).
- k. Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rate "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this policy and may not exceed 30% of the District's moneys which may be invested pursuant to this policy.
- l. Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of California Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed 20% of the District's investments under this policy. However, no more than 10% of the District's money may be invested in any one mutual fund.
- m. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- n. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and

the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

- o. A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the District's surplus moneys that may be invested pursuant to this policy.
- p. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

The Treasurer shall be allowed to invest in securities that at the time of the investment have up to a maximum 10 year maturity date with a total not to exceed 50% of the total portfolio in instruments over a 5 year maturity.

9.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(j)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised by the Finance Committee periodically if determined necessary to meet District goals. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- b. Maturities selected shall provide for stability of income and liquidity.
- c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

The Treasurer shall submit to the Board of Directors an investment report at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third-party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the District will meet its expenditure obligations for the next six months. The Treasurer shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on December 9, 2014. Resolution No. 722 was adopted by the following vote:

AYES: Directors

NOES: Directors

ATTEST:

**President, Board of Directors
Crescenta Valley Water District**

Secretary of the Board of Directors

info item



"Our Business is Your Business"

3131 Foothill Blvd., Suite D
La Crescenta CA 91214
Phone (818) 248-4957 Fax (818) 248-9625
Email office@crescentavalleychamver.org
Website www.crescentavalleychamber.org

Dear Christy Scott,

On behalf of the Crescenta Valley Chamber of Commerce and its Board of Directors, I welcome you to our Board and congratulate you as its newest member. You are now part of a cohesive Chamber team that works hard to ensure our activities are well planned, successful, and enjoyable.

We are fortunate to have business and community leaders like you who are willing to volunteer their time and energy to make our Crescenta Valley community a healthy, wholesome, and vibrant one in which to live and operate a business.

Our Board of Directors and staff work non-stop to ensure our Chamber remains a respected and leading organization within the community we serve. Chamber office hours are 10:00am until 2:00 pm Monday through Friday. I encourage you to stop by the office in the next few days to see what our Chamber offers its members and to meet our Executive Director, Lisa Dupuy.

On Thursday, January 15, 2015 we will install the 2015 Board of Directors, including you, at a luncheon at 11:00am at La Canada Country Club. Also on January 15th, we will be taking a board photo at Bob Bronson Photography (2060 Montrose Ave., Montrose) at 10:00am sharp. Please arrive early, no later than 9:45am if you would like to be included in our 2015 Board of Directors group photo.

The Board meets monthly at 7:30 am on the **third Wednesday of each month** at the Crescenta Valley Chamber office, 3131 Foothill Blvd., Suite D, La Crescenta. While all of us have busy schedules, this is a meeting Board members are expected to attend. Meetings start promptly and generally last for no more than an hour or so. We'd like to invite you as our guest to the December board meeting on December 17th at 7:30 am.

Attached is a list of your fellow Chamber Board Members as well as information regarding our events, upcoming mixers, and community projects. Mixers are especially a great source of connectivity with business and community members and you are encouraged to attend them as part of your responsibility as a Board Member.

Again, welcome aboard. We are delighted to have you as part of our Team!

Respectfully,

Steve Pierce
President, Crescenta Valley Chamber of Commerce

2015-2016

Crescenta Valley Chamber of Commerce Board of Directors

OFFICERS

President	Aram Ordubegian, Arent Fox, LLP
Vice President	Calvin Chock, JR Hardware, Sash & Door
Secretary	Robin Goldsworthy, Crescenta Valley Weekly Newspaper
Treasurer	Craig Fisher, Craig's Electric
Honorary Mayor	Chris Aristo, State Farm Insurance
Past President	Steve Pierce

NEW & RETURNING DIRECTORS

Dr. Emil Avanes, Harmony Health
Mike Baldwin, American Legion Post 288
Doug Dall, Principal, Clark Magnet
Leonard Ghazarian, Caspian Services, Inc.
Jeero Habeshian, Dilbeck Real Estate
Dr. Cynthia Livingston, Principal, Rosemont Middle School
Julia Rabago, CV Alliance
Christy Scott, Crescenta Valley Water District
Dwight Sityar, Early Rodders Car Club

CONTINUING DIRECTORS

Lt. Lola Abrahamian, Glendale Police Department
Ken Biermann, Retired Principal, CVHS
Warren Boehm, Farmer's Insurance
Ella Hambarchian, So Cal Motors
Michael Riley, Riley & Associates
James Speas DVM, Crescenta-Canada Pet Hospital

Crescenta Valley Chamber of Commerce Annual Events

January	Installation Luncheon La Canada Country Club
February	Academy Awards Night Party La Crescenta Women's Club
March	Day at the Races Santa Anita Racetrack
	Smart-A-Thon USC Verdugo Hills Hospital, 4 th floor Council Rooms
April	Home Town Country Fair Crescenta Valley Park
	Foothills Relay for Life Clark Magnet High School
June	Scholarship Golf Tournament Scholl Canyon Golf Course
July	Crescenta Valley Fireworks Show
September	Foothills Community Business Expo USC Verdugo Hills Hospital, 4 th floor Council Rooms
	Running the Foothills 5K Two Strike Park
October	Recognition Banquet
November	Taste of the Foothills Marketplace Shopping Center, La Crescenta



City of Glendale
Human Resources
Civil Service Commission

613 E. Broadway, Room 100
Glendale, CA 91206-4308
Tel 818.548.2110
www.glendaleca.gov

WRITTEN COMM.

RECEIVED

DEC 03 2014

CRESCENTA VALLEY
WATER DISTRICT

November 25, 2014

Dennis Erdman
General Manager
Crescenta Valley Water District
2700 Foothill Blvd.
La Crescenta, CA 91214

Dear Mr. Erdman,

On behalf of the City of Glendale Human Resources Department and Glendale Water & Power, we would like to personally thank you for your participation in serving as a rater for the position of Assistant General Manager / GWP.

As you know, this is an important position for the City organization as well as Glendale Water & Power. It is important that the City have knowledgeable people who are experienced and willing to serve as raters for our selection process. Knowing how very busy your schedule is, we sincerely appreciate your time, energy, and willingness to assist us. Your participation during the selection process was very significant in assisting us to find the best candidates for this key position. By working together, we hope to obtain the very finest workforce possible for the City of Glendale.

Thank you again. If I can be of assistance to you in the future, please do not hesitate to contact me.

Sincerely,

Steve Nersesyan
Departmental Human Resources Officer

Stephen M. Zurn
General Manager

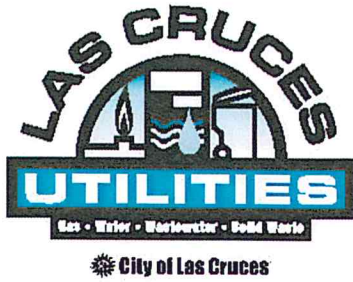
Memorandum

DATE: December 4, 2014
TO: Board of Directors
FROM: Dennis A. Erdman 
RE: General Manager's Report
CC: Management Staff

Over the course of the past year, I've reported on efforts by the State Water Board to institute an "annual permit" that community water systems would need to obtain. The provisions of this permit govern various "discharges" from community water systems. Attorney Tom Bunn reported recently that in spite of many objections raised by ACWA, AWWA and community water systems across the State, the State Water Board did adopt new provisions governing community water system discharges and an annual permit will be required. These new regulations take effect early next year. I bring this topic to the attention of the Board so that you will be aware of the impact of regulations like this one that increase the cost of doing business.

Attached to this general manager's report is an article from Las Cruces Utilities that features a "flushing truck" which allows the utility to flush water lines without discharging to the street. One possible result of the new discharge requirements is that many, if not all, community water systems will be required to have a "flushing truck" similar to the one in the article if they wish to be in compliance with the newly adopted regulations. Fully outfitted, these trucks will cost between \$100,000 and \$300,000, depending upon the filtration and treatment equipment needed by the agency performing the flushing. Flushing water mains is an important step in assuring customers get high quality water. During drought conditions however, water from flushing running down the gutter appears wasteful and utilities often reduce routine flushing to conserve and to reduce negative public perceptions. Systems like the one featured in the article would make it possible to continue the practice of flushing without the loss of water. CVWD may need to consider the addition of a "flushing truck" at some point in the not too distant future.

This month there are two employee anniversaries, Dennis Maxwell (nine years) and Rob Wood (nine years). As of December 4, the district has worked 177 days without a lost time accident. At the present time there are two employees who on medical leave. One employee is expected to return to work this month and the return date of the other employee is unknown.



A Different Way to FLUSH our Water Lines

By Suzanne Michaels

Las Cruces Utilities is looking for a new way to flush iron and manganese from our water system, without spilling water down city streets. The minerals are a naturally-occurring



contaminant from our aquifers... that builds up on inside surfaces of our water distribution pipes. Then, when there is an especially strong current or flow, the minerals break loose and turn the water red.

Eric Lopez, Water Resources Administrator, explains, "It's confusing for residents; we urge water conservation... but then they see us flushing 'dirty water' from our system through opened fire hydrants. They think we are wasting water when we're clearing the lines, but up to now it's really been our only

option."

Now however... Utilities is looking at a new process to remove the iron and manganese, and return filtered and disinfected water right back into the system.

The alternative works like this: a NO-DES truck and 20-foot trailer with a massive filtering system pulls up between two fire hydrants in a neighborhood where residents are starting to experience red, or "dirty" water.

Employees run a bright yellow, heavy-duty, 5-inch diameter hose from one hydrant to the filterer... and a second hose to the second fire hydrant.



Both fire hydrants are opened, filling the hoses and filters. A large pump on the NO-DES unit then circulates the water at a very high speed - 3 to 5 feet per second, "stirring up" the iron and manganese inside the water main.

The minerals are removed as the water passes through the extremely fine NO-DES filters, and a small amount of chlorine is also added during the process. When the entire section of water main between the hydrants has been flushed clean, the system is shut down, hydrants closed and hoses removed.

The process takes 45 minutes from start to finish, although only 10 minutes to actually clear the lines, and no water is flushed down the street.

Chris Wilkinson, President of NO-DES and developer of this technology, says, "In essence, we create an above-ground loop in the water distribution system with a portable filtering and disinfection system in the middle. This process results in improved water quality... and conserves two vital natural resources - water, and the energy it took to produce and pump it."

This is a new technology developed by Wilkinson, and Las Cruces Utilities is trying it out on a one week trial basis to see how well it will work in our system. Water Resources has already had a demonstration of the process over the summer.

Other cities around the country, also faced with water quality issues in their distribution systems while they are trying to conserve water, are testing out the NO-DES technology. Most are considering contract operations, leasing the equipment, or purchasing a unit.

Eric Lopez notes, "Water Resources staff was impressed with the whole concept of being able to filter the water and clear the lines without flushing many gallons of water down the street. We want to give this a shot, and see how well it works, and how the Las Cruces community responds to this new option for cleaning our water distribution system."

You may see the NO-DES truck around town soon, as it's being tried for 5 days in September in Las Cruces. Utilities is seeking alternatives to the practice of hydrant flushing while continuing to provide high quality, clear drinking water to our community.

Las Cruces Utilities provides GAS – WATER – WASTEWATER – SOLID WASTE services to approximately 100,000 Las Cruces residents. You can reach Las Cruces Utilities at (575) 528-3511 from 8 a.m.-5 p.m. Monday-Friday.