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 6, 2016 at 7:00 p.m.

Posted: December 2, 2016 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

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 15, 2016.

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 2017.
2. **Acceptance of Audited Financial Statements for Fiscal Year 2015-16** - Consideration and motion to accept the audited Financial Statements for Fiscal Year 2015-16.
3. **Accountant Job Description** – Consideration and motion to approve the updated job description for the Accountant position.
4. **8-inch Water Main Replacement on the 4300 & 4400 Blocks of Pennsylvania Ave., Project E-972** – Consideration and motion to authorize the General Manager to advertise for bids for the construction of 1,450 lineal feet of pipeline replacement on the 4300 & 4400 Blocks of Pennsylvania Ave. with an engineer's estimate of $320,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).
5. **Lower Pickens Canyon Pipeline Crossing Repair, Project E-957** – Consideration and motion to waive the Bid Procurement and Purchasing Policy per Article 18.01 of CVWD's Rules and Regulations and allow the General Manager to select and negotiate with a contractor for the Lower Pickens Canyon pipeline replacement and slope repair project at a cost not to exceed $425,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

6. **Strategic Planning** – Discussion regarding the Strategic Plan of the District.
7. **Investment Policy for 2017** – Consideration and motion to adopt Resolution No. 734 outlining the District's Investment Policy for 2017.

Information Items

Written Communications to District

Staff Reports

- **Secretary-Treasurer**
- **General Manager**
- **District Engineer**
- **Program Specialist**
- **Information Technology**

Attorney Report

Reports of Committees

- **Engineering Committee**
- **Finance Committee**
- **Employee Relations Committee**
- **Policy Committee**
- **Community Relations/Water Conservation Committee**
- **Emergency Planning Committee**

Director's Oral Reports

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

Closed Session

- **Conference with Legal Counsel**
  - Existing litigation pursuant to paragraph (1) of subdivision (d) of Section 54956.9: Crescenta Valley Water District vs. City of Glendale, et al., Los Angeles Superior Court case no. BC595199.

Board Members' Request for Future Agenda Items

Adjournment

CRESCENTA VALLEY WATER DISTRICT
ADJOURNED REGULAR MEETING, BOARD OF DIRECTORS
November 15, 2016

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District, made at the Regular Meeting of November 1, 2016, an Adjourned Regular Meeting was held on November 15, 2016, at 7:00 p.m. at the District office at 2700 Foothill Blvd., La Crescenta, California, with President Kerry D. Erickson presiding.

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

Directors:	**James D. Bodnar** **Michael L. Claessens** **Kerry D. Erickson** **Kenneth R. Putnam** **Judy L. Tejeda**
Attorney:	**Thomas S. Bunn**
General Manager:	**Thomas A. Love**
Secretary-Treasurer:	**Ron L. Mitchell**
District Engineer:	**David S. Gould**
Others Present:	**Mark Hass, IT Manager** **Wendy Holloway, Customer Accounts Supervisor** **Dennis Maxwell, Superintendent** **Kathy Ross, FMWD Director**

PLEDGE OF ALLEGIANCE

President Erickson opened the meeting by asking Director Bodnar to lead the Board and staff in reciting the Pledge of Allegiance.

ADOPTION OF AGENDA

It was moved by Director Bodnar, seconded by Director Tejeda and carried by a 5-0 vote that the Agenda for the Adjourned Regular Meeting of November 15, 2016 be adopted as presented.

PUBLIC COMMENT – Ms. Thompson addressed the Board regarding her large property and irrigation rates.

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Kathy Ross reported that the next FMWD Board meeting will be on November 21, 2016 and she will report on that in December. Also she is attending the Water Resources Committee meeting on November 16, 2016 and that FMWD hired a new District Engineer, Ken Herman.

CONSENT CALENDAR

It was moved by Director Bodnar, seconded by Director Claessens and carried by a 5-0 vote to approve the Minutes of the Regular Board Meeting held on November 1, 2016 and to ratify the disbursements for October 2016 which consisted of:

Payment of demands against the Crescenta Valley Water District on or before October 31, 2016 the same having been approved by the General Manager, Thomas A. Love, and heretofore paid, be ratified and approved subject to audit, in the aggregate sum of Nine Hundred Nine Thousand One Hundred Eighty Four Dollars and Ninety Eight cents (909,184.98), which is composed of the individual items set forth herein.

ACTION CALENDAR

Facilities Access and Use Agreement at Ocean View Reservoir – Mr. Gould reported FMWD requested, at their cost, to install additional SCADA equipment at the Ocean View Reservoir, which will allow FMWD to monitor the flow of water to and from both agencies. Staff met with FMWD personnel to review the location and to determine that this will not interfere with CVWD's communication system. Staff is recommending that the General Manager to authorize a Facilities Access and Use Agreement with Foothill Municipal Water District for the installation and maintenance of SCADA equipment. In the agreement, FMWD will pay for and maintain the new equipment. Staff also recommends that this agreement be a no fee agreement.

Following discussion:

It was moved by Director Claessens, seconded by Director Bodnar to authorize the General Manager to enter into a Facilities Access and Use Agreement with Foothill Municipal Water District for installation and maintenance of telemetry equipment at Ocean View Reservoir and no cost to Crescenta Valley Water District.

Following more discussion:

It was moved by Director Claessens, seconded by Director Bodnar and carried by a 5-0 vote amending the original motion to include the 10 year agreement clause.

Accountant/ Controller Job Description – Mr. Mitchell reported that the District's Accountant will be retiring in February. The Employee Relations Committee met on September 20, 2016 and then again on November 7, 2016 to discuss the current job description and an updated job description. The Committee recommended that the position be upgraded to provide for succession planning and staff is recommending that this position be renamed to Accountant/Controller and to upgrade the salary range.

Following discussion:

It was moved by Director Bodnar, seconded by Director Claessens to approve the updated job description and salary range for the Accountant/Controller position.

Following further discussion:

This action item was tabled to a future Board Meeting.

Lower Pickens Canyon Pipeline Crossing Repair, Project E-957 – Mr. Gould provided a status update and said there was a conference call last week with staff, AMEC, and DMc to discuss pipeline connections at the top and at the bottom of the slope and permitting issues. The information will be used as part of the permitting process with the U.S. Army Corps of Engineers, California Department of Fish and Wildlife and California Regional Water Quality Control Board. Staff is also meeting next week with pipeline vendors and has begun contacting contractors who have performed similar work in Southern California. Work is still being done on preliminary construction cost estimates. Mr. Gould also said that he has been in contact with Mr. Tasso.

Strategic Planning – Mr. Love reported on the updated strategic planning schedule. Some Board members stated that they will not be able to make the November 18, 2016 workshop, and it was discussed that the workshop will be moved to December 2, 2016, at 9:00 a.m., and have another one on December 16, 2016 at 9:00 a.m.

INFORMATION ITEMS – None

WRITTEN COMMUNICATIONS TO DISTRICT – Memorandum from James Ciampa to the Public Water Agencies Group regarding directions to request change to AB1535 Consolidation of District Elections.

REPORTS OF PERSONNEL

SECRETARY-TREASURER – Mr. Mitchell presented and discussed a recap of the investments for the Fiscal Year 2016/17.

GENERAL MANAGER – Mr. Love reported that he attended the Semi Annual Contractor Agencies meeting with the Los Angeles Bureau of Sanitation and the group requested that Los Angeles do a better job of projecting the costs for the CIP.

DISTRICT ENGINEER

Water Production – For the period of November 1 through November 10, 2016, water production was 113.6 million gallons for the period, which is **13.1% more** than the daily average production of the same period in 2015. This is **11.8% less** from the daily average production of the previous five years.

Rainfall: November 2016	**0.00”**
Season-to-date:	**0.66”**

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

Rainfall Update – 0.00” for November 2016. Rainfall total for 2016-17 is at 0.66”.

Report on Engineering:

CIP Projects – Ocean View Chlorination Project – Agreements – Working with FMWD & LADWP – Meet with DDW to finalize project. Pipeline Projects – 4200 – 4300 Blocks of Pennsylvania (Mills Pumpline) – Design 90% complete, potholing utility crossings. Pickens Canyon Pipeline Replacement and slope Repair. See staff report. Paschall Booster Station Upgrades – Staff working on Request for Proposal. Oak Creek Reservoir Rehabilitation –

Advertising for bids. Seismic Sensors & Valve Actuators at Dunsmore & Pickens Reservoir – Installation at Dunsmore Reservoir starting in December 2016.

Nitrate Removal Treatment Facility at Well 2 Project – CVWD reviewing 50% technical memorandum. Working on permit requirements from Glendale.

Crescenta Valley County Park Stormwater Recharge Facility Study – Final Report – Submitted to DWR. Task Force meeting – Held on November 9, 2016.

ULARA – Administrative Committee meeting held on November 3, 2016.

Water Meter Replacement Program: Field crews replacing water meters in Zones 10 & 11. Replaced 56 meters to date.

Report on Administrative and Field Operations:

Well Status – Well production capacity – Averaging 1.7 MGD for November 2016. Well 16 back in service on November 7, 2016.

Field Maintenance and Operations update for October 1 – October 14, 2016

Water lateral leaks & repairs

- 2911 Mountain Pine
- 5104 Ocean View
- 2721 Fairmount

Fire Hydrant Leak – No Report.

Developer Job – No Report.

Water Main Leaks – No Report.

Booster Pump Maintenance – Oak Creek Booster – Pump & Motor re-installed on November 14, 2016.

Reservoir Maintenance – No Report.

Sewer Maintenance – 2300 & 2800 Blocks of Verdugo. 3100 Blocks of Harmony & Frances. 5200 Block of Pennsylvania. 5100 Blocks of Parham & Daver. 3100 Blocks of Henrietta, Brookhill & Orange. 3000 Blocks of Gertrude, Henrietta & Frances. 2100 Block of Rockridge. 4100 Block of Walton Oaks.

PROGRAM SPECIALIST – No Report

INFORMATION TECHNOLOGY – No Report

ATTORNEY – No Report

REPORTS OF COMMITTEES

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

Finance Committee – Director Erickson reported that the Committee met on November 15, 2016 at 10:00 a.m. and reviewed the draft of the Fiscal Year 2015-16 Financial Statements.

Employee Relations Committee – Director Tejeda reported that the Committee met on November 7, 2016 at 8:00 a.m. and discussed the Accountant/Controller job description.

Policy Committee – Director Claessens reported that the Committee had not met; however a meeting will be scheduled as needed.

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

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

DIRECTORS ORAL REPORTS

Director Bodnar reported that he attended the Employee Relations Committee meeting. He commended staff for fixing the Rosemont Reservoir fence. He also gave an MWD update that included this year they are at a 60% water allocation and there will be 1.1 to 1.5 million acre feet of storage by next year.

Director Claessens – No Report

Director Putnam – No report

Director Tejeda reported that she attended the Crescenta Valley Chamber of Commerce meeting last week and said that it was an interesting meeting.

Director Erickson reported that he attended the Financial Committee meeting, the Crescenta Valley Chamber of Commerce meeting, and the Two Strike Veteran Ceremony event.

ADJOURNMENT

There being no other business to come before the Board at 8:28 p.m., it was moved by Director Tejeda, seconded by Director Bodnar and carried by a 5-0 vote that the meeting be adjourned to December 6, 2016 at 7:00 p.m.

APPROVED

Kerry D. Erickson	Ron L. Mitchell
President	Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Item No. 2
December 6, 2016

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 2015-16** – Consideration and motion to accept the Audited Financial Statements for Fiscal Year 2015-16.

BACKGROUND:

The Finance Committee met with staff and the District's auditor, Mr. Chris Brown of Fedak & Brown, on November 15, 2016 to review the Fiscal Year 2015-16 draft audit statements. These statements have been provided to the Board for review. Mr. Brown reviewed the various schedules and footnotes and explained to the Committee that there were no new GASB requirements this year but there will be a couple of new items next year. Mr. Brown said that he would correct a minor item related to investment income and did not receive any specific comments or suggestions for changes to the draft from the Committee except a minor correction to a date related to the well 16 agreement with the City of Glendale. Mr. Brown also stated that the Management Letter, also provided, didn't identify any areas of concern.

Recommendation

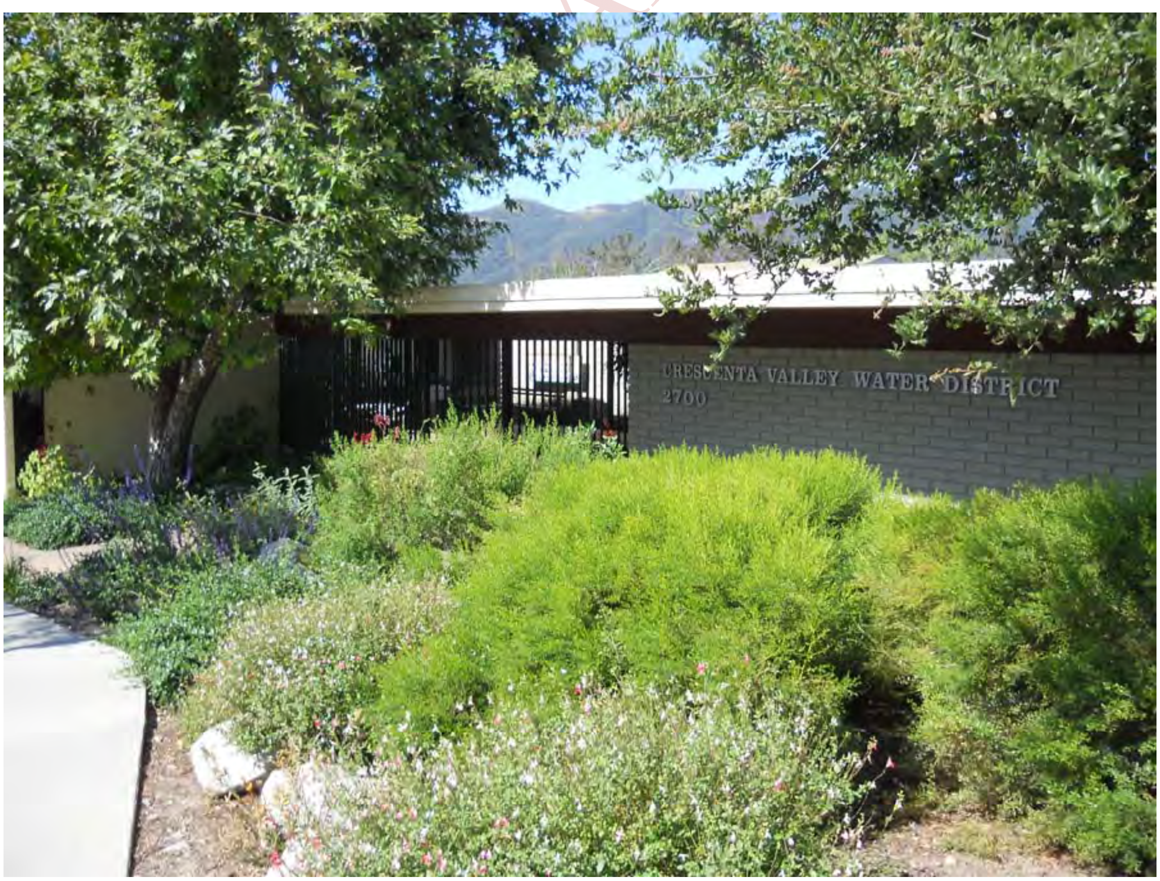
It is staff recommendation that the Board accept the Audited Financial Statements for Fiscal Year 2015-16.

Prepared by:	Submitted by:
______________________________	____________________________
Ron L. Mitchell, Secretary-Treasurer	Thomas A. Love, General Manager

Crescenta Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2016 and 2015



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, 2016

Name	Title	Elected/ Appointed	Current Term
Kerry Erickson	President	Elected	December 2017
James Bodnar	Vice President	Elected	December 2017
Michael Claessens	Director	Elected	December 2019
Kenneth Putnam	Director	Elected	December 2017
Judy Tejeda	Director	Elected	December 2019

Thomas A. Love, 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, 2016 and 2015

Crescenta Valley Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2016 and 2015

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Introductory Section

CVWD

Crescenta Valley Water District

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

[ISSUE DATE]

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, 2016 and 2015, 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 34 employees. The District's Board of Directors meets on the first and third Tuesday of each month. Meetings are publicly noticed and customers 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 expected to be stable 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:

- Mandatory Water Conservation Program
- Low-Flow Retrofit Program
- Hi-Efficiency Washers 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 Fedak & Brown LLP, 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,

Thomas A. Love
General Manager

Ron Mitchell
Director of Finance

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Financial Section

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, 2016 and 2015, 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, 2016 and 2015, 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.

Emphasis of a Matter

As described in note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application* and early implementation of Statement No. 79 – *Certain External Investment Pools and Pool Participants,* for the year ended June 30, 2016; and GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* and No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, for the year ended June 30, 2015. Our opinion is not modified with respect to these matters.

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 7 through 11 and pages 44 through 46, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming 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 47 through 52, 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 [ISSUE DATE] on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 53 and 54.

Fedak & Brown LLP
Cypress, California
[ISSUE DATE]

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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, 2016 and 2015. 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 decreased 1.83%, or $861,408 to $46,094,184, in fiscal year 2016, primarily due to a $861,408 decrease from operations. In 2015, the District's net position decreased 8.39%, or $4,303,070 to $46,955,592, primarily due to a $1,322,528 decrease from operations and $2,980,542 related to the adoption of GASB 68. See note 13 for further information.
- The District's operating revenues decreased 5.82% or $704,858, in fiscal year 2016. In 2015, the District's operating revenues decreased 4.09% or $516,134.
- The District's operating expenses increased 0.62%, or $82,342, in fiscal year 2016. In 2015, the District's operating expenses decreased 3.41%, or $470,183.

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.

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 16 through 43.

Statements of Net Position

Condensed Statements of Net Position

	2016	2015	Change
Assets:			
Current assets	$ 12,869,933	6,122,029	6,747,904
Non-current assets	5,624,931	13,878,687	(8,253,756)
Capital assets, net	45,120,528	42,820,914	2,299,614
Total assets	63,615,392	62,821,630	793,762
Deferred outflows of resources:	327,407	292,716	34,691
Liabilities:			
Current liabilities	1,869,198	1,406,906	462,292
Non-current liabilities	15,429,452	13,935,673	1,493,779
Total liabilities	17,298,650	15,342,579	1,956,071
Deferred inflows of resources:	549,965	816,175	(266,210)
Net position:			
Net investment in capital assets	35,874,859	34,413,758	1,461,101
Restricted	617,109	617,090	19
Unrestricted	9,602,216	11,924,744	(2,322,528)
Total net position	$ 46,094,184	46,955,592	(861,408)

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 and deferred inflows by $46,094,184and $46,955,592 as of June 30, 2016 and 2015, respectively.

By far the largest portion of the District's net position (78% and 73% as of June 30, 2016 and 2015, 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 10 for further information.

Statements of Net Position, continued

At the end of fiscal year 2016 and 2015, the District showed a positive balance in its unrestricted net position of $8,323,642 and $11,924,744, respectively. See note 12 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

	2016	2015	Change
Revenues:			
Operating revenues	$ 11,408,080	12,112,938	(704,858)
Non-operating revenues	670,584	211,211	459,373
Total revenues	12,078,664	12,324,149	(245,485)
Expenses:			
Operating expenses	13,382,842	13,300,500	82,342
Non-operating expenses	368,022	377,700	(9,678)
Total expenses	13,750,864	13,678,200	72,664
Net income before capital contributions	(1,672,200)	(1,354,051)	(318,149)
Capital contributions	810,792	31,523	779,269
Change in net position	(861,408)	(1,322,528)	461,120
Net position – beginning of year – as restated	46,955,592	48,278,120	(1,322,528)
Net position – end of year	$ 46,094,184	46,955,592	(861,408)

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 in fiscal year 2016 decreased 1.83%, or $861,408 to $46,094,184, in fiscal year 2016, primarily due to an $861,408 decrease from operations. In fiscal year 2015, net position decreased by $4,303,070 primarily due to a $1,322,528 decrease from operations and $2,980,542 related to the adoption of GASB 68. See note 13 for further information

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

In 2016, the District's total revenues decreased by 1.99%, or $245,485, primarily due to a decrease in operating revenues of $704,858, as the result of decreases of $633,120 in net water operations revenue and $71,738 in net wastewater revenue. Non-operating revenues increased by $459,619 due to increases of $468,076 in investment earnings.

In 2015, the District's total revenues decreased by 38.25%, or $7,633,699, primarily due to a decrease in non-operating revenues of $7,117,565, as the result of decreases in legal settlements of $6,872,846 and investment earnings of $255,611. Operating revenues decreased by $516,134 due to decreases of $638,302 in water operation consumption charges and $80,097 in water operations other charges, that was offset by increases in wastewater operations user and standby charges of $100,107 and water operations service charges of $97,158.

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

In 2016, the District's total expenses increased by 0.53%, or $72,664. The District's operating expenses increased by $82,342 primarily due to an increase of $687,177 in costs associated with the discharge of treated water into the City of Los Angeles wastewater system which was offset by decreases of $237,406 in source of supply expenses and $316,633 in plant operations expenses.

In 2016, non-operating expenses decreased by 2.56%, or $9,678, primarily due to a $9,432 decrease in interest expense.

In 2015, the District's total expenses decreased by 3.45%, or $488,296. The District's operating expenses decreased by $470,183 as follows: a $409,767 decrease in source of supply expenses, a $239,164 decrease in costs associated with the discharge of treated water into the City of Los Angeles wastewater system, a $123,852 decrease in distribution system expenses. Offsetting these decreases were increases, of $175,561 in general and administrative expenses and $175,852 in plant operations expenses.

In 2015, non-operating expenses decreased by 4.58%, or $18,113, primarily due to a $9,325 decrease in other expenses and a $9,034 decrease in interest expense.

In 2016, capital contributions increased by 2,472.06%, or $779,269, primarily due to increases of $596,446 from state capital grants and $214,346 from local capital grants, which was offset by a decrease of $10,060 in assessment capital contributions from prior year.

In 2015, capital contributions decreased by 70.32%, or $74,701, primarily due to a decrease of $76,409 from state capital grants from prior year.

Capital Asset Administration

At the end of fiscal years 2016 and 2015, the District's investment in capital assets amounted to $45,120,528 and $42,820,914, 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 2016 are as follows:

	Balance 2015	Additions	Transfers/ Deletions	Balance 2016
Capital assets:				
Non-depreciable assets	$ 2,933,919	4,087,270	(3,667,940)	3,353,249
Depreciable assets	77,875,118	3,738,396	(61,254)	81,552,260
Accumulated depreciation	(37,988,123)	(1,858,112)	61,254	(39,784,981)
Total capital assets, net	$ 42,820,914	5,967,554	(3,667,940)	45,120,528

Changes in capital asset amounts for 2015 are as follows:

	Balance 2014	Additions	Transfers/ Deletions	Balance 2015
Capital assets:				
Non-depreciable assets	$ 3,219,979	2,089,149	(2,375,209)	2,933,919
Depreciable assets	76,155,151	2,525,451	(805,484)	77,875,118
Accumulated depreciation	(36,829,812)	(1,925,786)	767,475	(37,988,123)
Total capital assets, net	$ 42,545,318	2,688,814	(2,413,218)	42,820,914

(See note 4 for further discussion)

Debt Administration

Changes in long-term debt amounts for 2016 were as follows:

		Balance 2015	Additions	Principal Payments	Balance 2016
Long-term debt:					
Bonds payable	$	8,407,156	-	(236,073)	8,171,083
Loans payable		-	1,091,590	(17,004)	1,074,586
Total long-term debt	$	8,407,156	1,091,590	(253,077)	9,245,669

Changes in long-term debt amounts for 2015 were as follows:

		Balance 2014	Additions	Principal Payments	Balance 2015
Long-term debt:					
Bonds payable	$	8,633,230	-	(226,074)	8,407,156
Total long-term debt	$	8,633,230	-	(226,074)	8,407,156

(See note 7 for further discussion)

Conditions Affecting Current Financial Position

Management is unaware of any conditions at June 30, 2016, 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 Thomas A. Love, General Manager of Crescenta Valley Water District, 2700 Foothill Blvd., La Crescenta, California, 91214.

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Basic Financial Statements

Crescenta Valley Water District
Statements of Net Position
June 30, 2016 and 2015

		2016	2015
Current assets:			
Cash and cash equivalents (note 2)	$	10,326,577	3,747,138
Accrued interest receivable		29,957	75,152
Accounts receivable – water and wastewater, net (note 3)		1,962,565	1,896,423
Accounts receivable – local grant		133,270	-
Accounts receivable – other		2,520	53,199
Materials and supplies inventory		370,451	310,638
Prepaid expenses and other deposits		44,593	39,479
Total current assets		12,869,933	6,122,029
Non-current assets:			
Investments (note 2)		5,007,822	13,261,597
Investments – restricted (note 2)		617,109	617,090
Capital assets – not being depreciated (note 4)		3,353,249	2,933,919
Depreciable capital assets (note 4)		41,767,279	39,886,995
Total non-current assets		50,745,459	56,699,601
Total assets		63,615,392	62,821,630
Deferred outflows of resources:			
Deferred pension outflows (note 5, 9)		327,407	292,716
Total deferred outflows of resources		327,407	292,716
Current liabilities:			
Accounts payable and accrued expenses		1,150,149	782,171
Accrued wages and related payables		44,499	32,365
Customer deposits		259,847	238,147
Accrued interest expense		29,920	30,736
Long-term liabilities – due within one year:			
Compensated absences (note 6)		78,771	78,487
Certificates of participation (note 7)		255,000	245,000
Loan payable (note 7)		51,012	-
Total current liabilities		1,869,198	1,406,906
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 6)		236,313	235,460
Certificates of participation, net (note 7)		7,916,083	8,162,156
Loan payable (note 7)		1,023,574	-
Other post employment benefits payable (note 8)		3,741,462	3,122,832
Net pension liability (note 9)		2,512,020	2,415,225
Total non-current liabilities		15,429,452	13,935,673
Total liabilities		17,298,650	15,342,579
Deferred inflows of resources:			
Deferred pension inflows (note 9, 10)		549,965	816,175
Total deferred inflows of resources		549,965	816,175
Net position: (note 12)			
Net Investment in capital assets		35,874,859	34,413,758
Restricted for debt service		617,109	617,090
Unrestricted		9,602,216	11,924,744
Total net position	$	46,094,184	46,955,592

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, 2016 and 2015

	2016	2015
Operating revenues:		
Water operations – consumption sales	$ 5,742,445	6,388,564
Water operations – service charge	1,949,220	1,828,481
Water operations – other charges	440,556	548,296
Wastewater operations – user and standby charges	3,275,859	3,341,597
Wastewater operations – other charges	-	6,000
Total operating revenues	11,408,080	12,112,938
Operating expenses:		
Source of supply – water purchases	2,503,627	2,741,033
Plant operations	1,928,943	2,245,576
Distribution system	1,275,372	1,239,463
City of Los Angeles wastewater system	1,362,190	675,013
Collection system	307,042	282,983
General and administrative expenses	4,147,556	4,190,646
Total operating expenses before depreciation	11,524,730	11,374,714
Operating income before depreciation	(116,650)	738,224
Depreciation expense	(1,858,112)	(1,925,786)
Operating loss	(1,974,762)	(1,187,562)
Non-operating revenues (expenses):		
Investment earnings	635,271	167,195
Gain(loss) on sale of capital assets	6,901	(246)
Interest expense	(368,022)	(377,454)
Rental income	28,351	29,600
Other income (expense), net	61	14,416
Total non-operating expenses, net	302,562	(166,489)
Net income before capital contributions	(1,672,200)	(1,354,051)
Capital contributions		
Capital grants – State	574,983	-
Capital grants – Local	214,346	-
Assessments	21,463	31,523
Total capital contributions	810,792	31,523
Changes in net position	(861,408)	(1,322,528)
Net position – beginning of year	46,955,592	51,258,662
Prior period adjustment (note 13)	-	(2,980,542)
Net position – beginning of year – as restated	46,955,592	48,278,120
Net position – end of year	$ 46,094,184	46,955,592

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2016 and 2015

		2016	2015
Cash flows from operating activities:			
Cash receipts from customers for water sales and services	$	11,392,617	12,409,131
Cash paid to employees for salaries and wages		(2,864,572)	(2,895,941)
Cash paid to vendors and suppliers for materials and services		(8,850,714)	(8,053,433)
Net cash (used in)provided by operating activities		(322,669)	1,459,757
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(4,157,726)	(2,239,391)
Proceeds from grant funding		656,059	-
Proceeds from property owner assessments		21,463	31,523
Proceeds from loans		1,091,590	-
Principal paid on long-term debt		(262,004)	(235,000)
Interest paid on long-term debt		(338,102)	(346,718)
Net cash used in capital and related financing activities		(2,988,720)	(2,789,586)
Cash flows from investing activities:			
Purchases of investments		(3,750,000)	(10,070,000)
Proceeds from sale of investments		13,406,547	8,599,843
Interest earnings		234,281	196,369
Net cash provided by(used in) investing activities		9,890,828	(1,273,788)
Net increase(decrease) in cash and cash equivalents		6,579,439	(2,603,617)
Cash and cash equivalents, beginning of year		3,747,138	6,350,755
Cash and cash equivalents, end of year	$	10,326,577	3,747,138

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, 2016 and 2015

		2016	2015
Reconciliation of operating loss to net cash (used in)provided by operating activities:			
Operating loss	$	(1,974,762)	(1,187,562)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:			
Deprecation		1,858,112	1,925,786
Non-operating, net		32,437	40,894
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – water and wastewater, net		(66,142)	343,900
Accounts receivable – local grant		(133,270)	-
Accounts receivable – other		50,679	(47,707)
Materials and supplies inventory		(59,813)	(52,338)
Prepaid expenses and other deposits		(5,114)	2,723
Decrease(Increase) in deferred outflows of resources		7,882	(26,809)
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		367,978	(58,070)
Accrued wages and related payables		12,134	9,150
Customer deposits		21,700	33,419
Compensated absences		1,137	(21,109)
Other post employment benefits payable		618,630	566,147
Net pension liability		(788,047)	(884,842)
(Decrease)Increase in deferred inflows of resources		(266,210)	816,175
Total adjustments		1,652,093	2,647,319
Net cash (used in)provided by operating activities	$	(322,669)	1,459,757
Non-cash investing, capital and financing transactions:			
Change in fair-market value of funds deposited with LAIF	$	(3,964)	(968)

See accompanying notes to the basic financial statements

(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.

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

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*, effective for financial statements for periods beginning after June 15, 2015. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value.

(1) Reporting Entity and Summary of Significant Accounting Policies

C. Financial Reporting, continued

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68,* effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

In June 2015, the GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* effective for financial statements for periods beginning after June 15, 2015. This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment is not specified within the source of authoritative GAAP.

In December 2015, the GASB issued Statement No. 79 – *Certain External Investment Pools and Pool Participants,* effective for financial statements for periods beginning after June 15, 2015. This Statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

Prior Year Financial Data Presentation

In 2015, the District determined to present the annual financial statements with prior year data for comparative purposes, but not restate with regard to GASB 68 and 71, as all information available to restate prior year amounts was not readily available.

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.

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

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

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. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation level is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

5. Restricted Assets

Amounts shown as restricted assets are to be used for specified purposes, such as servicing general obligation bond debt and the construction of capital assets. Such assets have been restricted by bond indenture, law or contractual obligations.

6. Accounts Receivable and Allowance for Uncollectible Accounts

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.

7. Prepaids

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

8. 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.

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

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

9. 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

10. Deferred Outflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has two items which qualify for reporting in this category. The first item is a deferred outflow related to pensions. This amount is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year. The second item is a deferred outflow related to pensions for the differences between expected and actual experience. This amount will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans determined as of the measurement date June 30, 2015, which is a 3.8 year period.

11. 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.

12. Pensions

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

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

- Valuation Date: June 30, 2014 and 2013
- Measurement Date: June 30, 2015 and 2014
- Measurement Period: July 1, 2014 to June 30, 2015 and July 1, 2013 to June 30, 2014

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

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

13. Deferred Inflows of Resources

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items which qualify for reporting in this category. The first, second and third items are deferred inflows related to pensions for the changes in assumptions, differences between the actual employer contributions and the proportionate share of contributions and net changes in proportions. These inflow amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans determined as of the measurement date June 30, 2015, which is 3.8 year period. The fourth item is a deferred inflow related to pensions for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.

14. 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.

15. Deposit Connection Fees

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

16. 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.

17. 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.

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

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

18. 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.

19. Reclassification

The District has reclassified certain prior year information to conform to current year presentations.

(2) Cash and Investments

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

		2016	2015
Cash and cash equivalents	$	10,326,577	3,747,138
Investments		5,007,822	13,261,597
Investments – restricted		617,109	617,090
Total cash and investments	$	15,951,508	17,625,825

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

		2016	2015
Cash on hand	$	800	800
Deposits with financial institutions		590,995	139,269
Investments		15,359,713	17,485,756
Total cash and investments	$	15,951,508	17,625,825

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.

(2) Cash and Investments, continued

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.

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of a $1,000 dollars.
- Withdrawals of $10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

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, 2016 were as follows:

			Remaining Maturity (in Months)			
Investment Type		**Total**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**	**61-120 Months**
U.S Treasury Notes	$	1,012,230	-	-	-	1,012,230
Federal Farm Credit Bank Bonds		3,995,592	-	1,001,250	1,783,722	1,210,620
Local Agency Investment Fund		6,385,237	6,385,237	-	-	-
Money Market Funds		3,966,654	3,966,654	-	-	-
Total	$	15,359,713	10,351,891	1,001,250	1,783,722	2,222,850

Maturities of investments at June 30, 2015 were as follows:

			Remaining Maturity (in Months)			
Investment Type		**Total**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**	**61-120 Months**
U.S Treasury Notes	$	4,915,770	-	-	2,972,650	1,943,120
Federal Farm Credit Bank Bonds		8,345,827	-	-	1,004,605	7,341,222
Local Agency Investment Fund		2,574,523	2,574,523	-	-	-
Money Market Funds		1,649,636	1,649,636	-	-	-
Total	$	17,485,756	4,224,159	-	3,977,255	9,284,342

(2) Cash and Investments, continued

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, 2016, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End: AAA	AA+	Not Rated
U.S Treasury Notes	$ 1,012,230	A	$ -	1,012,230	-
Federal Farm Credit Bank Bonds	3,995,592	A	-	3,995,592	-
Local Agency Investment Fund	6,385,237	N/A	-	-	6,385,237
Money Market Funds	3,966,654	AAA	3,966,654	-	-
Total	$ 15,359,713		$ 3,966,654	5,007,822	6,385,237

Credit ratings of investments as of June 30, 2015, were as follows:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End: AAA	AA+	Not Rated
U.S Treasury Notes	$ 4,915,770	A	$ -	4,915,770	-
Federal Farm Credit Bank Bonds	8,345,827	A	-	8,345,827	-
Local Agency Investment Fund	2,574,523	N/A	-	-	2,574,523
Money Market Funds	1,649,636	AAA	1,649,636	-	-
Total	$ 17,485,756		$ 1,649,636	13,261,597	2,574,523

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.

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

Investments at June 30, 2016:

Investment Type		Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government sponsored entities securities	$	3,995,592	-	3,995,592	-
U.S. Treasury notes		1,012,230	1,012,230	-	-
Money market funds		3,240,575	3,240,575	-	-
Held by bond trustee:					
Money market funds		726,079	726,079	-	
Total investments measured at fair value		8,974,476	4,978,884	3,995,592	-
Investments measured at amortized cost:					
Local Agency Investment Fund (LAIF)		6,385,237			
Total	$	15,359,713			

Investments at June 30, 2015:

Investment Type		Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government sponsored entities securities	$	8,345,827	-	8,345,827	-
U.S. Treasury notes		4,915,770	4,915,770	-	-
Money market funds		934,092	934,092	-	-
Held by bond trustee:					
Money market funds		715,544	715,544	-	-
Total investments measured at fair value		14,911,233	6,565,406	8,345,827	-
Investments measured at amortized cost:					
Local Agency Investment Fund (LAIF)		2,574,523			
Total	$	17,485,756			

(3) Accounts Receivable – Water and Wastewater, net

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

		2016	2015
Accounts receivable – water and wastewater	$	1,968,078	1,901,936
Allowance for doubtful accounts		(5,513)	(5,513)
Accounts receivable – water and wastewater, net	$	1,962,565	1,896,423

(4) Capital Assets

Capital assets at June 30, 2016, are summarized as follows:

	Balance 2015	Additions/ Transfers	Deletions/ Transfers	Balance 2016
Non-depreciable assets:				
Water operations	$ 2,924,698	4,032,686	(3,625,174)	3,332,210
Wastewater operations	9,221	54,584	(42,766)	21,039
Total non-depreciable assets	2,933,919	4,087,270	(3,667,940)	3,353,249
Depreciable assets, net:				
Water operations	20,705,698	2,579,060	-	23,284,758
Wastewater operations	19,181,297	(698,776)	-	18,482,521
Total depreciable capital assets, net	39,886,995	1,880,284	-	41,767,279
Total capital assets, net	$ 42,820,914			45,120,528

Changes for water operations capital assets in 2016, were as follows:

	Balance 2015	Additions/ Transfers	Deletions/ Transfers	Balance 2016
Non-depreciable assets:				
Land	$ 1,158,526	-	-	1,158,526
Construction-in progress	1,766,172	4,032,686	(3,625,174)	2,173,684
Total non-depreciable assets	2,924,698	4,032,686	(3,625,174)	3,332,210
Depreciable assets:				
Production equipment	7,015,267	3,112,783	-	10,128,050
Distribution equipment	29,324,464	492,170	-	29,816,634
Groundwater reclamation plant	2,642,127	-	-	2,642,127
Autos and trucks	939,698	26,180	(41,882)	923,996
Office equipment	599,218	-	-	599,218
Office building	548,360	20,221	-	568,581
Total depreciable assets	41,069,134	3,651,354	(41,882)	44,678,606
Accumulated depreciation:				
Production equipment	(3,548,217)	(274,611)	-	(3,822,828)
Distribution equipment	(13,143,802)	(632,221)	-	(13,776,023)
Groundwater reclamation plant	(2,246,199)	(20,639)	-	(2,266,838)
Autos and trucks	(709,921)	(93,377)	41,882	(761,416)
Office equipment	(493,044)	(40,396)	-	(533,440)
Office building	(222,253)	(11,050)	-	(233,303)
Total accumulated depreciation	(20,363,436)	(1,072,294)	41,882	(21,393,848)
Total depreciable assets, net	20,705,698	2,579,060	-	23,284,758
Total capital assets, net	$ 23,630,396			26,616,968

(4) Capital Assets, continued

Changes in 2016, for water operations capital assets consisted primarily in additions of $4,032,686 in construction-in-progress, $3,112,783 in water production equipment, $492,170 in water distribution equipment, $26,180 in autos and trucks, and $20,221 in office building. Transfers in 2016 include $3,625,174 in construction-in-progress transferred to depreciable assets. Deletions in 2016 include $41,882 in autos and trucks.

Changes for wastewater operations capital assets in 2016, were as follows:

	Balance 2015	Additions/ Transfers	Deletions/ Transfers	Balance 2016
Non-depreciable assets:				
Construction-in progress	$ 9,221	54,584	(42,766)	21,039
Total non-depreciable assets	9,221	54,584	(42,766)	21,039
Depreciable assets:				
Wastewater collection system				
Interceptor	4,968,025	20,787	-	4,988,812
Unit 1	11,373,627	30,572	-	11,404,199
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	30,381	-	-	30,381
Autos and trucks	454,405	24,208	(19,372)	459,241
Safety equipment	6,569	-	-	6,569
Booster building	66,465	-	-	66,465
Office equipment	15,411	11,475	-	26,886
Total depreciable assets	36,805,984	87,042	(19,372)	36,873,654
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,350,404)	(100,530)	-	(2,450,934)
Unit 1	(5,405,334)	(270,217)	-	(5,675,551)
Unit 2	(9,357,770)	(406,530)	-	(9,764,300)
Tools and lab equipment	(29,882)	(499)	-	(30,381)
Autos and trucks	(454,405)	(3,026)	19,372	(438,059)
Safety equipment	(4,945)	(657)	-	(5,602)
Booster building	(14,041)	(2,215)	-	(16,256)
Office equipment	(7,906)	(2,144)	-	(10,050)
Total accumulated depreciation	(17,624,687)	(785,818)	19,372	(18,391,133)
Total depreciable capital assets, net	19,181,297	(698,776)	-	18,482,521
Total capital assets, net	$ 19,190,518			18,503,560

Changes in 2016, for wastewater operations capital assets consisted of $54,584 in construction-in-progress, $20,787 in interceptor additions, $30,572 in interceptor unit 1 upgrades, $24,208 in autos and trucks, and $11,475 in office equipment. Transfers in 2016 include $42,766 in construction-in-progress transferred to depreciable assets. Deletions in 2016 include $19,372 in autos and trucks.

(4) Capital Assets, continued

Capital assets at June 30, 2015, are summarized as follows:

		Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:					
Water operations	$	3,213,817	1,980,606	(2,269,725)	2,924,698
Wastewater operations		6,162	108,543	(105,484)	9,221
Total non-depreciable assets		3,219,979	2,089,149	(2,375,209)	2,933,919
Depreciable assets, net:					
Water operations		19,467,168	1,273,854	(35,324)	20,705,698
Wastewater operations		19,858,171	(674,189)	(2,685)	19,181,297
Total depreciable capital assets, net		39,325,339	599,665	(38,009)	39,886,995
Total capital assets, net	$	42,545,318			42,820,914

Changes for water operations capital assets in 2015, were as follows:

		Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:					
Land	$	1,158,526	-	-	1,158,526
Construction-in progress		2,055,291	1,980,606	(2,269,725)	1,766,172
Total non-depreciable assets		3,213,817	1,980,606	(2,269,725)	2,924,698
Depreciable assets:					
Production equipment		7,135,547	347,318	(467,598)	7,015,267
Distribution equipment		27,564,574	1,911,029	(151,139)	29,324,464
Groundwater reclamation plant		2,642,127	-	-	2,642,127
Autos and trucks		894,475	142,521	(97,298)	939,698
Office equipment		633,186	19,099	(53,067)	599,218
Office building		548,360	-	-	548,360
Total depreciable assets		39,418,269	2,419,967	(769,102)	41,069,134
Accumulated depreciation:					
Production equipment		(3,663,801)	(316,829)	432,413	(3,548,217)
Distribution equipment		(12,682,346)	(612,595)	151,139	(13,143,802)
Groundwater reclamation plant		(2,182,811)	(63,388)	-	(2,246,199)
Autos and trucks		(722,716)	(84,503)	97,298	(709,921)
Office equipment		(488,223)	(57,749)	52,928	(493,044)
Office building		(211,204)	(11,049)	-	(222,253)
Total accumulated depreciation		(19,951,101)	(1,146,113)	733,778	(20,363,436)
Total depreciable assets, net		19,467,168	1,273,854	(35,324)	20,705,698
Total capital assets, net	$	22,680,985			23,630,396

Changes in 2015, for water operations capital assets consisted primarily in additions of $1,980,606 in construction-in-progress, $347,318 in water production equipment, $1,911,029 in water distribution equipment, $142,521 in autos and trucks, and $19,099 in office equipment. Transfers in 2015 include $2,269,725 in construction-in-progress transferred to depreciable assets. Deletions in 2015 include, $467,598 in water production equipment, $151,139 in water distribution equipment, $97,298 in autos and trucks, and $53,067 in office equipment.

(4) Capital Assets, continued

Changes for wastewater operations capital assets in 2015, were as follows:

	Balance 2014	Additions/ Transfers	Deletions/ Transfers	Balance 2015
Non-depreciable assets:				
Construction-in progress	$ 6,162	108,543	(105,484)	9,221
Total non-depreciable assets	6,162	108,543	(105,484)	9,221
Depreciable assets:				
Wastewater collection system				
Interceptor	4,958,842	9,183	-	4,968,025
Unit 1	11,277,326	96,301	-	11,373,627
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	30,381	-	-	30,381
Autos and trucks	483,228	-	(28,823)	454,405
Safety equipment	6,569	-	-	6,569
Booster building	69,160	-	(2,695)	66,465
Office equipment	20,275	-	(4,864)	15,411
Total depreciable assets	36,736,882	105,484	(36,382)	36,805,984
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,250,763)	(99,641)	-	(2,350,404)
Unit 1	(5,139,933)	(265,401)	-	(5,405,334)
Unit 2	(8,951,240)	(406,530)	-	(9,357,770)
Tools and lab equipment	(28,882)	(1,000)	-	(29,882)
Autos and trucks	(481,376)	(1,852)	28,823	(454,405)
Safety equipment	(4,288)	(657)	-	(4,945)
Booster building	(12,410)	(2,260)	629	(14,041)
Office equipment	(9,819)	(2,332)	4,245	(7,906)
Total accumulated depreciation	(16,878,711)	(779,673)	33,697	(17,624,687)
Total depreciable capital assets, net	19,858,171	(674,189)	(2,685)	19,181,297
Total capital assets, net	$ 19,864,333			19,190,518

Changes in 2015, for wastewater operations capital assets consisted of $108,543 in construction-in-progress, $9,183 in interceptor additions $96,301 in interceptor unit 1 upgrades. Deletions in 2015 include $28,823 in autos and trucks, $2,695 in booster building, and $4,864 in office equipment.

(5) Deferred Outflows of Resources

Changes in deferred outflows of resources for 2016, were as follows:

	Balance 2015	Additions	Amortization/ Transfers	Balance 2016
Deferred outflows of resources:				
Deferred pension outflows	$ 292,716	334,099	(299,408)	327,407
Total deferred outflows of resources	$ 292,716	334,099	(299,408)	327,407

(5) Deferred Outflows of Resources, continued

Changes in deferred outflows of resources for 2015, were as follows:

	Balance 2014	Additions	Amortization/ Transfers	Balance 2015
Deferred outflows of resources:				
Deferred pension outflows	$ -	292,716	-	292,716
Total deferred outflows of resources	$ -	292,716	-	292,716

(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 2015	Additions	Deletions	Balance 2016	Due Within One Year	Due in More Than One Year
$ 313,946	257,700	(256,562)	315,084	78,771	236,313

Balance 2014	Additions	Deletions	Balance 2015	Due Within One Year	Due in More Than One Year
$ 335,056	296,361	(317,471)	313,946	78,487	235,460

(7) Long-Term Debt

Changes in long-term debt amounts at June 30, were as follows:

	Balance 2015	Additions	Payments	Balance 2016
Long-term debt:				
Bonds payable:				
2007 Certificates of participation	$ 8,600,000	-	(245,000)	8,355,000
2007 Certificates of participation discount	(192,844)	-	8,927	(183,917)
Total bonds payable	8,407,156	-	(236,073)	8,171,083
Loans payable:				
2016 GWP infrastructure loan	-	1,091,590	(17,004)	1,074,586
Total loans payable	-	1,091,590	(17,004)	1,074,586
Total long-term debt	$ 8,407,156	1,091,590	(253,077)	9,245,669

Changes in long-term debt amounts at June 30, were as follows:

	Balance 2014	Additions	Payments	Balance 2015
Long-term debt:				
Bonds payable:				
2007 Certificates of participation	$ 8,835,000	-	(235,000)	8,600,000
2007 Certificates of participation discount	(201,770)	-	8,926	(192,844)
Total long-term debt	$ 8,633,230	-	(226,074)	8,407,156

(7) Long-Term Debt, continued

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:

Fiscal Year		Principal	Interest	Total
2017	$	255,000	359,038	614,038
2018		265,000	348,838	613,838
2019		275,000	338,238	613,238
2020		285,000	327,238	612,238
2021		300,000	315,481	615,481
2022-2026		1,695,000	1,378,957	3,073,957
2027-2031		2,095,000	979,344	3,074,344
2032-2036		2,595,000	479,500	3,074,500
2037		590,000	25,813	615,813
Total		8,355,000	4,552,445	12,907,445
Less current portion		(255,000)		
Discount on debt		(183,917)		
Total non-current	$	7,916,083		

2016 GWP Infrastructure Loan

On September 9, 2014, the District entered into a loan agreement to receive a $1,091,590 zero-percent interest loan from the City of Glendale Water and Power to provide construction related expenditure costs related to the Rockhaven Well #16 project. Terms of the agreement call for monthly principal payments with an expected maturity in fiscal year 2037.

Fiscal Year		Principal	Interest	Total
2017	$	51,012	-	51,012
2018		51,012	-	51,012
2019		51,012	-	51,012
2020		51,012	-	51,012
2021		51,012	-	51,012
2022-2026		255,060	-	255,060
2027-2031		255,060	-	255,060
2032-2036		255,060	-	255,060
2037		54,346	-	54,346
Total		1,074,586	-	1,074,586
Less current portion		(51,012)		
Total non-current	$	1,023,574		

(8) 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:

	2016	2015	2014
Active plan members	34	34	34
Retirees and beneficiaries receiving benefits	23	21	22
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	57	55	56

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 26.22% of the annual covered payroll.

Annual Cost

For the year ended June 30, 2016, the District's ARC cost is $751,149. The District's net OPEB payable obligation amounted to $3,741,462 for the year ended June 30, 2016. The District contributed $117,502 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2016.

(8) Other Post-Employment Benefits Payable, continued

The balance at June 30, consists of the following:

	2016	2015	2014
Annual OPEB expense:			
Annual required contribution (ARC)	$ 751,149	698,496	758,500
Interest on net OPEB obligation	139,883	115,051	86,924
Adjustment to annual required contribution	(154,900)	(123,008)	(89,874)
Total annual OPEB expense	736,132	690,539	755,550
Change in net OPEB payable obligation:			
Age adjusted contributions made	(117,502)	(124,392)	(143,910)
Total change in net OPEB payable obligation	618,630	566,147	611,640
OPEB payable – beginning of year	3,122,832	2,556,685	1,945,045
OPEB payable – end of year	$ 3,741,462	3,122,832	2,556,685

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 2016 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
2016	$ 736,132	117,502	15.96%	$ 3,741,462
2015	690,539	124,392	18.01%	3,122,832
2014	755,550	143,910	19.05%	2,556,685

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2014) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $8,390,044. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2016 was $2,864,572. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 292.89%.

See the Schedule of Funding Status of the District's Other Post-Employment Benefits Obligation in the Required Supplementary Information Section on page 46.

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.

(8) Other Post-Employment Benefits Payable, continued

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

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal cost method
Amortization method	30 Year level percent of payroll Amortization
Remaining amortization period	Closed, 30 Years as of the valuation date
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increase	3.25%
Inflation - discount rate	4.50%

(9) Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

The Plans’ provision and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	**Tier 2**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	12.499%	6.237%

(9) Defined Benefit Pension Plan, continued

Benefits Provided, continued

As of June 30, 2015, an actuarial report was not prepared by CalPERS for the District's PEPRA tier. CalPERS made this determination as a result of the District not having PEPRA eligible employees between the period January 1, 2013 and June 30, 2013, the valuation date of the actuarial report provided.

Contributions

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

As of the fiscal year ended June 30, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan 2016	Miscellaneous Plan 2015
Contributions – employer	$ 308,670	292,716
Contributions – employee (paid by employer)	151,019	166,690
Total employer paid contributions	$ 459,689	459,406

Net Pension Liability

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

	Proportionate Share of Net Pension Liability 2016	Proportionate Share of Net Pension Liability 2015
Miscellaneous Plan	$ 2,512,020	2,415,225

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015 and 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and 2013, rolled forward to June 30, 2015 and 2014, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the pension liability for the District's Plan as of the June 30, 2014 and 2015, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2014	0.03881%
Proportion – June 30, 2015	0.03660%
Change – Increase (Decrease)	-0.00221%

(9) Defined Benefit Pension Plan, continued

The District's proportionate share of the pension liability for the District's Plan as of the June 30, 2013 and 2014, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2013	0.04094%
Proportion – June 30, 2014	0.03881%
Change – Increase (Decrease)	-0.00213%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2016 and 2015, the District recognized pension expense of $250,858 and $104,564, respectively.

As of the fiscal year ended June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 308,670	
Differences between actual and expected experience	18,737	-
Changes in assumptions	-	(177,273)
Net differences between projected and actual earnings on plan investments	-	(88,869)
Differences between actual contribution and proportionate share of contribution	-	(80,723)
Net adjustment due to differences in proportions of net pension liability	-	(203,100)
Total	$ 327,407	(549,965)

As of the fiscal year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measure	$ 292,716	-
Net differences between projected and actual earnings on plan investments	-	(811,627)
Net adjustment due to differences in proportions of net pension liability	-	(4,548)
Total	$ 292,716	(816,175)

(9) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

As of June 30 2016 and 2015, employer pension contributions of $308,670 and $292,716, respectively, reported as deferred outflows of resources related to contributions subsequent to the measurement date were and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017 and 2016, respectively.

As of June 30, 2016, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

Fiscal Year Ending June 30:		Deferred Outflows/(Inflows) of Resources
2017	$	(231,509)
2018		(231,185)
2019		(198,496)
2020		129,962
2021		-
Thereafter		-

Actuarial Assumptions

The total pension liability in the June 30, 2015 and 2014 actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2014 and 2013
Measurement Date	June 30, 2015 and 2014
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.50% Net of Administrative Expenses for 2015 and 2014
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

(9) Defined Benefit Pension Plan, continued

Discount Rate

The Discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS confirmed the materiality threshold for the difference in the calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2017-2018. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

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

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

(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	100.0%		

* An expected inflation of 2.5% used for this period
** An expected inflation of 3.0% used for this period

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

The following table presents the District’s proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District’s proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At June 30, 2016, the discount rate comparison was the following:

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
District's Net Pension Liability	$ 4,109,462	2,512,020	1,080,619

At June 30, 2015, the discount rate comparison was the following:

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
District's Net Pension Liability	$ 4,303,185	2,415,225	848,398

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in separately issued CalPERS financial reports. See pages 44 through 45 for the Required Supplementary Schedules.

Payable to the Pension Plan

At June 30, 2016 and 2015, the District reported no payables for the outstanding amount of contribution to the pension plan.

(10) Deferred Inflows of Resources

Changes in deferred inflows of resources for 2016, were as follows:

		Balance 2015	Additions	Amortization/ Transfers	Balance 2016
Deferred inflows of resources:					
Deferred pension inflows		816,175	(28,009)	(238,201)	549,965
Total deferred inflows of resources	$	816,175	(28,009)	(238,201)	549,965

Changes in deferred inflows of resources for 2015, were as follows:

		Balance 2014	Additions	Amortization/ Transfers	Balance 2015
Deferred inflows of resources:					
Deferred pension inflows	$	-	1,020,706	(204,531)	816,175
Total deferred inflows of resources	$	-	1,020,706	(204,531)	816,175

(11) 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 $1,227,925 and $1,426,057 in fiscal years 2016 and 2015, respectfully.

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.

(12) Net Position

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

		2016	2015
Net investment in capital assets:			
Capital assets – not being depreciated	$	3,353,249	2,933,919
Depreciable capital assets, net		41,767,279	39,886,995
Certificates of participation payable – current		(255,000)	(245,000)
Certificates of participation payable – non-current		(7,916,083)	(8,162,156)
Loan payable – current		(51,012)	-
Loan payable – non-current		(1,023,574)	-
Total net investment in capital assets		35,874,859	34,413,758
Restricted net position:			
Investments – restricted		617,109	617,090
Unrestricted net position:			
Non-spendable net position:			
Materials and supplies inventory		370,451	310,638
Prepaid expenses and other deposits		44,593	39,479
Total non-spendable net position		415,044	350,117
Spendable net position is as follows:			
Unrestricted		9,187,172	11,574,627
Total spendable net position		9,187,172	11,574,627
Total unrestricted net position		9,602,216	11,924,744
Total net position	$	46,094,184	46,955,592

(13) Adjustment to Net Position

Net Pension Liability – GASB 68 Implementation

In fiscal year 2015, the District implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability. As a result of the implementation, the District recognized the pension liability and recorded a prior period adjustment, a (decrease) to net position, of $3,300,067 at July 1, 2014. The District recorded a prior period adjustment, increase to net position, to reclassify from expense to deferred outflows of resources, the prior year's proportionate share of employer pension contributions of $319,525 at July 1, 2014.

The adjustment to net position is as follows:

Net position at June 30, 2014, as previously stated	$	51,258,662
Effect of adjustment to record net pension liability	$	(3,300,067)
Effect of adjustment to record deferred pension outflows		319,525
Total adjustment to net position		(2,980,542)
Net position at July 1, 2014, as restated	$	48,278,120

(14) 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, 2016, the District participated in the liability, property programs, and workers' compensation 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 $2,000,000 per occurrence. The District has additional excess coverage layers through ACWA/JPIA: $58 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 from the ACWA/JPIA provides self-insurance up to $100,000 subject to a $1,000 deductible per loss. The District has purchased excess coverage up to $1,000,000 per loss, subject to a $100,000 deductible. Coverage includes public employee dishonesty, forgery or alteration, computer fraud, and faithful performance.
- 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 $150 million per occurrence, subject to a $2,500 deductible per occurrence. Mobile equipment is replaced at actual cash value subject to a $2,500 deductible per occurrence. Scheduled vehicles covered for comprehensive and collision, actual cash value basis subject to $1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $150 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.

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, 2016, 2015 and 2014. 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, 2016, 2015, and 2014, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2016, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 74

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. 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. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. 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. 77

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

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

Governmental Accounting Standards Board Statement No. 80

In January 2016, the GASB issued Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is effective for financial statements for periods beginning after June 15, 2016. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

Governmental Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for financial statements for periods beginning after December 15, 2016. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

Governmental Accounting Standards Board Statement No. 82

In March 2016, the GASB issued Statement No. 82 – *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No.73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for financial statements for periods beginning after June 15, 2016. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

(16) 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.

(17) Subsequent Events

Events occurring after June 30, 2016, have been evaluated for possible adjustment to the financial statements or disclosure as of [ISSUE DATE], 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

Cresenta Valley Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2016 and 2015
Last Ten Years*

Description		Measurement Date 6/30/2015	Measurement Date 6/30/2014
District's Proportion of the Net Pension Liability		0.03660%	0.03881%
District's Proportionate Share of the Net Pension Liability	$	2,512,020	2,415,225
District's Covered-Employee Payroll	$	2,715,807	2,388,479
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		92.50%	101.12%
District's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability		82.80%	83.03%

* Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Cresenta Valley Water District
Schedule of Pension Plan Contributions
As of June 30, 2016 and 2015
Last Ten Years*

Schedule of Pension Plan Contributions:		Fiscal Year 2014-2015	Fiscal Year 2013-2014
Actuarially Determined Contribution	$	307,695	262,967
Contribution's in Relation to the Actuarially Determined Contribution		(292,716)	(262,967)
Contribution Deficiency (Excess)	$	14,979	-
Covered Payroll	$	2,715,807	2,388,479
Contribution's as a percentage of Covered-employee Payroll		11.33%	11.01%

* Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Cresenta Valley Water District
Schedule of Funding Status – Other Post-Employment Benefits Obligation
For the Fiscal Years Ended June 30, 2016 and 2015

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	$ -	8,390,044	8,390,044	0.00%	$ 2,864,572	292.89%
7/1/2011	-	7,116,527	7,116,527	0.00%	2,895,941	245.74%
7/1/2008	-	5,407,674	5,407,674	0.00%	3,007,857	179.78%

Funding progress is presented for the years 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 2017 based on the year ending June 30, 2018.

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Supplemental Information

Crescenta Valley Water District
Combining Schedule of Statements of Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	$ 10,239,534	87,043	10,326,577
Accrued interest receivable	29,957	-	29,957
Accounts receivable – water and wastewater, net	1,445,930	516,635	1,962,565
Accounts receivable – local grant	133,270	-	133,270
Accounts receivable – other	2,520	-	2,520
Materials and supplies inventory	365,033	5,418	370,451
Prepaid expenses and other deposits	27,448	17,145	44,593
Total current assets	12,243,692	626,241	12,869,933
Non-current assets:			
Investments	5,007,822	-	5,007,822
Investments – restricted	617,109	-	617,109
Internal balances	(1,667,012)	1,667,012	-
Capital assets – not being depreciated	3,332,209	21,040	3,353,249
Depreciable capital assets	23,284,758	18,482,521	41,767,279
Total non-current assets	30,574,886	20,170,573	50,745,459
Total assets	42,818,578	20,796,814	63,615,392
Deferred outflows of resources: (note 6)			
Deferred pension outflows	196,444	130,963	327,407
Total deferred outflows of resources	196,444	130,963	327,407
Current liabilities:			
Accounts payable and accrued expenses	1,074,119	76,030	1,150,149
Accrued wages and related payables	32,951	11,548	44,499
Customer deposits	246,980	12,867	259,847
Accrued interest expense	29,920	-	29,920
Long-term liabilities – due within one year:			
Compensated absences	59,078	19,693	78,771
Certificates of participation	255,000	-	255,000
Loans payable	51,012	-	51,012
Total current liabilities	1,749,060	120,138	1,869,198
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	177,235	59,078	236,313
Certificates of participation	7,916,083	-	7,916,083
Loans payable	1,023,574	-	1,023,574
Other post employment benefits payable	2,244,991	1,496,471	3,741,462
Net pension liability	1,507,212	1,004,808	2,512,020
Total non-current liabilities	12,869,095	2,560,357	15,429,452
Total liabilities	14,618,155	2,680,495	17,298,650
Deferred inflows of resources: (note 6)			
Deferred pension inflows	329,979	219,986	549,965
Total deferred outflows of resources	329,979	219,986	549,965
Net position:			
Net Investment in capital assets	17,371,298	18,503,561	35,874,859
Restricted	617,109	-	617,109
Unrestricted	10,078,481	(476,265)	9,602,216
Total net position	$ 28,066,888	18,027,296	46,094,184

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Combining Schedule of Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water operations – consumption sales	$ 5,742,445	-	5,742,445
Water operations – service charge	1,949,220	-	1,949,220
Water operations – other charges	440,556	-	440,556
Wastewater operations – user and standby charges	-	3,275,859	3,275,859
Wastewater operations – other charges	-	-	-
Total operating revenues	8,132,221	3,275,859	11,408,080
Operating expenses:			
Source of supply – water purchases	2,503,627	-	2,503,627
Plant operations	1,741,066	187,877	1,928,943
Distribution system	1,275,372	-	1,275,372
City of Los Angeles wastewater system	-	1,362,190	1,362,190
Collection system	-	307,042	307,042
General and administrative expenses	2,611,625	1,535,931	4,147,556
Total operating expenses before depreciation	8,131,690	3,393,040	11,524,730
Operating income before depreciation	531	(117,181)	(116,650)
Depreciation expense	(1,072,294)	(785,818)	(1,858,112)
Operating loss	(1,071,763)	(902,999)	(1,974,762)
Non-operating revenues(expenses):			
Investment earnings	635,075	196	635,271
Gain(loss) on sale of capital assets	5,401	1,500	6,901
Interest expense	(368,022)	-	(368,022)
Rental income	21,263	7,088	28,351
Other income(expense), net	(18,282)	18,343	61
Total non-operating revenues, net	275,435	27,127	302,562
Net income (loss) before capital contributions	(796,328)	(875,872)	(1,672,200)
Capital contributions:			
Capital grants – state	574,983	-	574,983
Capital grants – local	214,346	-	214,346
Assessments	-	21,463	21,463
Total capital contributions	789,329	21,463	810,792
Changes in net position	(6,999)	(854,409)	(861,408)
Net position – beginning of year	28,073,887	18,881,705	46,955,592
Net position – end of year	$ 28,066,888	18,027,296	46,094,184

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedules of Revenues, Expenses and Changes in Fund Net Position
Water Operations
For the Fiscal Year Ended June 30, 2016 and 2015

	2016		2015	
	Amount	**Percent**	**Amount**	**Percent**
Operating revenues:				
Consumption sales – customers	$ 5,742,445	70.61%	6,388,564	72.88%
Consumption sales – others	99,670	1.23%	104,754	1.20%
Service charges	1,949,220	23.97%	1,828,481	20.86%
Meter installations	40,690	0.50%	148,150	1.69%
Other revenue	300,196	3.69%	295,392	3.37%
Total operating revenues	8,132,221	100.00%	8,765,341	100.00%
Operating expenses:				
Source of supply – water purchases	2,503,627	30.79%	2,741,033	31.55%
Plant operations:				
Power	673,699	8.28%	697,388	8.03%
Plant wages	503,028	6.19%	590,884	6.80%
Utilities	12,119	0.15%	17,368	0.20%
Telephone	-	0.00%	52,487	0.60%
Maintenance	122,388	1.51%	138,642	1.60%
Signal system	23,478	0.29%	20,300	0.23%
Lab and treatment	145,773	1.79%	211,483	2.43%
Nitrate treatment	60,135	0.74%	49,441	0.57%
Insurance	130,058	1.60%	100,590	1.16%
Other expense	70,388	0.87%	152,962	1.76%
Total plant operations	1,741,066	21.41%	2,031,545	23.38%
Distribution system:				
Meter maintenance	1,007,772	12.39%	937,195	10.79%
Pipeline maintenance	72,757	0.89%	89,534	1.03%
Backflow operations	460	0.01%	331	0.00%
Reservoir and building maintenance	83,820	1.03%	88,315	1.02%
Auto and truck expense	98,061	1.21%	111,786	1.29%
Property taxes	12,502	0.15%	12,302	0.14%
Total distribution system	$ 1,275,372	15.68%	1,239,463	14.27%

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedules of Revenues, Expenses and Changes in Fund Net Position
Water Operations, continued
For the Fiscal Year Ended June 30, 2016 and 2015

	2016		2015	
	Amount	**Percent**	**Amount**	**Percent**
Operating expenses, continued:				
General and administrative:				
Directors' fees	$ 8,370	0.10%	9,225	0.11%
Salaries – statutory officers	163,897	2.02%	150,010	1.73%
Salaries – general office	454,109	5.58%	468,979	5.40%
Retirement (CalPERS)	153,037	1.88%	249,566	2.87%
Payroll taxes	130,768	1.61%	130,866	1.51%
Engineering and drafting	295,124	3.63%	304,542	3.51%
Accounting	10,940	0.13%	11,515	0.13%
Legal	75,684	0.93%	85,614	0.99%
Administrative consultant - water system	81,820	1.01%	73,932	0.85%
Insurance – general	19,387	0.24%	13,221	0.15%
Insurance – group	721,758	8.88%	709,991	8.17%
Maintenance	13,804	0.17%	16,282	0.19%
Computer and supplies	102,129	1.26%	86,447	1.00%
Utilities	21,381	0.26%	19,978	0.23%
Telephone	102,160	1.26%	31,133	0.36%
Printing and postage	40,413	0.50%	43,423	0.50%
Bad debt	-	0.00%	-	0.00%
Water system fees	49,690	0.61%	46,503	0.54%
Water conservation	77,603	0.95%	137,935	1.59%
Training	30,007	0.37%	23,068	0.27%
Other	59,544	0.73%	63,301	0.73%
Total general and administrative	2,611,625	32.12%	2,675,531	30.80%
Total operating expenses	8,131,690	100.00%	8,687,572	100.00%
Operating income before depreciation	531	100.00%	77,769	100.00%
Depreciation expense	(1,072,294)	100.00%	(1,146,113)	100.00%
Operating loss	(1,071,763)	100.00%	(1,068,344)	100.00%
Non-operating revenues(expense):				
Investment earnings	635,075	230.57%	167,092	-83.14%
Gain(loss) on sale of capital assets	5,401	1.96%	664	-0.33%
Interest expense	(368,022)	-133.61%	(377,454)	187.80%
Rental income	21,263	7.72%	22,200	-11.05%
Other income(expense), net	(18,282)	-6.64%	(13,489)	6.71%
Total non-operating revenues, net	275,435	100.00%	(200,987)	100.00%
Net income (loss) before capital contributions	(796,328)	100.00%	(1,269,331)	100.00%
Capital contributions:				
Capital grants – state	574,983	72.84%	-	0.00%
Capital grants – local	214,346	27.16%	-	0.00%
Total capital contributions	$ 789,329	100.00%	-	0.00%
Change in net position	$ (6,999)	100.00%	(1,269,331)	100.00%

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Fund Net Position
Wastewater Operations
For the Fiscal Years Ended June 30, 2016 and 2015

	2016		2015	
	Amount	**Percent**	**Amount**	**Percent**
Operating revenues:				
User and standby charges	$ 3,275,859	100.00%	3,341,597	99.82%
Other charges	-	0.00%	6,000	0.18%
Total operating revenues	3,275,859	100.00%	3,347,597	100.00%
Operating expenses:				
City of Los Angeles wastewater system expense	1,362,190	40.15%	675,013	25.12%
Plant operations:				
Power	646	0.02%	723	0.03%
Plant wages	58,056	1.71%	86,393	3.22%
Utilities	2,912	0.09%	3,575	0.13%
Telephone	-	0.00%	17,495	0.65%
Maintenance	7,334	0.22%	4,994	0.19%
Insurance - general	103,520	3.05%	81,771	3.04%
Other expense	15,409	0.45%	19,080	0.71%
Total plant operations	187,877	5.54%	214,031	7.97%
Collection system:				
Maintenance	250,492	7.38%	233,755	8.70%
Auto and truck expense	53,424	1.57%	47,868	1.78%
Inspection	3,126	0.09%	1,360	0.05%
Total collection system	$ 307,042	9.05%	282,983	10.53%

Continued on next page

See accompanying notes to the basic financial statements

Crescenta Valley Water District
Detailed Schedule of Revenues, Expenses and Changes in Fund Net Position
Wastewater Operations, Continued
For the Fiscal Years Ended June 30, 2016 and 2015

	2016		2015	
	Amount	Percent	Amount	Percent
Operating expenses, continued:				
General and administrative:				
Directors' fees	$ 8,370	0.25%	9,225	0.34%
Salaries – statutory officers	164,628	4.85%	150,010	5.58%
Salaries – general office	305,023	8.99%	309,570	11.52%
Retirement (CalPERS)	102,546	3.02%	168,737	6.28%
Payroll taxes	87,179	2.57%	87,244	3.25%
Engineering and drafting	93,354	2.75%	95,584	3.56%
Accounting	10,940	0.32%	11,515	0.43%
Legal	15,503	0.46%	16,163	0.60%
Administrative	69,512	2.05%	27,706	1.03%
Insurance – general	12,925	0.38%	8,815	0.33%
Insurance – group	480,762	14.17%	473,470	17.62%
Maintenance	4,601	0.14%	5,427	0.20%
Computer and supplies	40,577	1.20%	36,759	1.37%
Utilities	6,848	0.20%	6,294	0.23%
Telephone	34,053	1.00%	10,377	0.39%
Printing and postage	36,718	1.08%	43,425	1.62%
Bad debt	-	0.00%	-	0.00%
Training	4,703	0.14%	3,305	0.12%
Other	57,689	1.70%	51,489	1.92%
Total general and administrative	1,535,931	45.27%	1,515,115	56.38%
Total operating expenses	3,393,040	100.00%	2,687,142	100.00%
Operating income before depreciation	(117,181)	100.00%	660,455	100.00%
Depreciation expense	(785,818)	100.00%	(779,673)	100.00%
Operating loss	(902,999)	100.00%	(119,218)	100.00%
Non-operating revenues(expense):				
Investment earnings	196	0.72%	103	0.30%
Gain(loss) on sale of capital assets	1,500	5.53%	(910)	-2.64%
Interest expense	-	0.00%	-	0.00%
Rental income	7,088	26.13%	7,400	21.45%
Other income(expense), net	18,343	67.62%	27,905	80.89%
Total non-operating revenues, net	27,127	100.00%	34,498	100.00%
Loss before capital contributions	(875,872)	100.00%	(84,720)	100.00%
Capital contributions:				
Assessments	21,463	100.00%	31,523	100.00%
Change in net position	$ (854,409)	100.00%	(53,197)	100.00%

See accompanying notes to the basic financial statements

Report on Internal Controls and Compliance

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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated [ISSUE DATE].

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*.

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.

Fedak & Brown LLP
Cypress, California
[ISSUE DATE]

Crescenta Valley Water District

Management Report

June 30, 2016

Fedak & Brown LLP
Certified Public Accountants

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, 2016, 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

Disclosure of Audit Adjustments and Reclassifications

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

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2016.

Summary of Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

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

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2015.

* * * * * * * * * *

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.

Fedak & Brown LLP
Cypress, California
[ISSUE DATE]

APPENDIX

Crescenta Valley Water District

Audit/Finance Committee Letter

June 30, 2016

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, 2016 and 2015 and have issued our report thereon dated [ISSUE DATE]. 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 12, 2016, 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 at the Audit Entrance Conference meeting performed during 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 years 2016 and 2015 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 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.
>
> Management's estimate of the other post-employment benefits payable is based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

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 disclosures affecting the basic financial statements 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.

Management's Judgments, Accounting Estimates and Financial Disclosures

The most sensitive disclosures affecting the basic financial statements are:

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

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

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

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:

There were eleven total adjustments to the original trial balance presented to us to begin our audit. Of the eleven adjustments; three were prepared by the District, and four were prepared by the auditor. Four adjustments are related to the second-year implementation of *Governmental Accounting Standards Board* Statement Nos. 68 & 71. 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 [ISSUE DATE].

Conclusion

We appreciate the cooperation extended us by Ron Mitchell, Administrative Services Manager and Lynne Sovich, Accountant, 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.

Fedak & Brown LLP
Cypress, California
[ISSUE DATE]

Crescenta Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2016

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
GASB 68 Entry #1 - To reclassify 2015 contributions to net pension liability at June 30, 2016.			
01-00-2470-000	Net Pension Liability	175,630.00	
02-00-2470-000	Net Pension Liability	117,086.00	
01-00-1600-000	Deferred Pension Outflows		175,630.00
02-00-1600-000	Deferred Pension Outflows		117,086.00
Total		**292,716.00**	**292,716.00**
Adjusting Journal Entries JE # 2			
GASB 68 Entry #2 - To reclassify 2016 contributions to deferred outflows of resources at June 30, 2016.			
01-00-1600-000	Deferred Pension Outflows	185,202.00	
02-00-1600-000	Deferred Pension Outflows	123,468.00	
01-01-5052-000	GASB 68 Adjustment - Water		185,202.00
02-01-5052-000	GASB 68 Adjustment - Wastewater		123,468.00
Total		**308,670.00**	**308,670.00**
Adjusting Journal Entries JE # 3			
GASB 68 Entry #3 - To record changes in pension liability during FY15/16 at June 30, 2016.			
01-00-1600-000	Deferred Pension Outflows	15,257.40	
01-00-2490-000	Deferred Pension Inflows	389,888.40	
01-01-5052-000	GASB 68 Adjustment - Water	201,643.80	
02-00-1600-000	Deferred Pension Outflows	10,171.60	
02-00-2490-000	Deferred Pension Inflows	259,925.60	
02-01-5052-000	GASB 68 Adjustment - Wastewater	134,429.20	
01-00-2470-000	Net Pension Liability		233,706.60
01-00-2490-000	Deferred Pension Inflows		144,351.00
01-00-2490-000	Deferred Pension Inflows		65,731.80
01-00-2490-000	Deferred Pension Inflows		163,000.20
02-00-2470-000	Net Pension Liability		155,804.40
02-00-2490-000	Deferred Pension Inflows		96,234.00
02-00-2490-000	Deferred Pension Inflows		43,821.20
02-00-2490-000	Deferred Pension Inflows		108,666.80
Total		**1,011,316.00**	**1,011,316.00**
Adjusting Journal Entries JE # 4			
GASB 68 Entry #4 - To record changes in pension liability during FY15/16 at June 30, 2016.			
01-00-2490-000	Deferred Pension Inflows	122,718.60	
01-00-2490-000	Deferred Pension Inflows	20,202.00	
02-00-2490-000	Deferred Pension Inflows	81,812.40	
02-00-2490-000	Deferred Pension Inflows	13,468.00	
01-00-1600-000	Deferred Pension Outflows		4,015.20
01-01-5052-000	GASB 68 Adjustment - Water		138,905.40
02-00-1600-000	Deferred Pension Outflows		2,676.80
02-01-5052-000	GASB 68 Adjustment - Wastewater		92,603.60
Total		**238,201.00**	**238,201.00**
Adjusting Journal Entries JE # 5			
CPE#1 - To adjust Water CIP for closed project C-915 at June 30, 2015.			
01-00-1335-000	Computers	20,220.98	
01-00-1400-111	C-915 Billing Upgrade		20,220.98
Total		**20,220.98**	**20,220.98**

Continued on next page.

Crescenta Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2016

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
CPE#2 - To adjust interest payable per Debt Service COP 2007 (1 month x $179,518.79) at June 30, 2016.			
01-01-5910-000	Interest Expense - Notes	30,737.00	
01-00-2310-000	Accrued Interest Expense		30,737.00
Total		**30,737.00**	**30,737.00**
Adjusting Journal Entries JE # 7			
CPE#3 - To adjust premiums and fairmarket value to actual per Investment Summary analysis at year end.			
01-00-4265-000	Fair Value Adjustment	62,065.86	
01-00-1055-000	Fair Value Adjustment - Invest		62,065.86
Total		**62,065.86**	**62,065.86**
Adjusting Journal Entries JE # 8			
AJE - To record / establish Rockhaven Well Loan Payable to Glendale Water and Power at June 30, 2016.			
01-00-1400-131	E-940 Rockhaven Well #16	1,091,590.00	
01-00-2450-000	Glendale Water & Power Infrastructure Loan		1,091,590.00
Total		**1,091,590.00**	**1,091,590.00**
Adjusting Journal Entries JE # 9			
AJE - To record transfer of completed CIP Rockhaven Well to depreciable assets and place into service at June 30, 2016.			
01-00-1309-000	Wells and Tunnels	2,614,960.92	
01-00-1400-131	E-940 Rockhaven Well #16		2,614,960.92
Total		**2,614,960.92**	**2,614,960.92**
Adjusting Journal Entries JE # 10			
AJE - To record / establish Local Agency (GWP) Grant Receivable at June 30, 2016.			
01-00-1115-000	Grant Receivable - GWP (Well 16)	214,346.00	
01-00-4287-000	Capital Contributions - Local Agency		214,346.00
Total		**214,346.00**	**214,346.00**
Adjusting Journal Entries JE # 11			
AJE - To record changes in GWP Loan Payable and GWP Grant Recievable during FY15/16 at June 30, 2016.			
01-00-2450-000	Glendale Water & Power Infrastructure Loan	17,004.00	
01-02-5400-000	Water Usage Cost Expense - GWP Well 16	49,035.97	
01-02-5431-000	Land Lease Cost Expense - GWP Well 16	15,036.00	
01-00-1115-000	Grant Receivable - GWP (Well 16)		81,075.97
Total		**81,075.97**	**81,075.97**
	Total Adjusting Journal Entries	**5,965,899.73**	**5,965,899.73**
	Total All Journal Entries	**5,965,899.73**	**5,965,899.73**

Legend:

GASB 68 Entry	GASB 68 Adjusting Journal Entry for Year 2 Implementation
CPE	Client Prepared Adjusting Journal Entry
AJE	Audit Adjusting Journal Entry

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Item No. 3

To: Honorable President and Members of the Board of Directors December 6, 2016

From: Ron L. Mitchell – Secretary-Treasurer

Subject: **Accountant Job Description**

ACTION ITEM:

1. **Accountant Job Description** – Consideration and motion to approve the updated job description for the Accountant position.

BACKGROUND:

The District's Accountant, Lynne Sovich, has informed management that she intends to retire effective February 25, 2017 after 12.5 years of service to the District. This is a vital position for the District and prepares all monthly and quarterly financial reports, prepares/inputs all payroll reports, prepares all PERS reports and payments for employees, tracks inventory receipts/issues, maintains the asset schedules and corresponding depreciation, reviews payables for accuracy of general ledger account numbers, and maintains cost ledgers for the capital improvement and capital outlay projects.

The Accountant is also heavily involved with the budget process and prepares estimates for payroll and benefits calculations, updates figures in the cash flow model, and inputs the new budget figures into the model. The Accountant is very instrumental in our annual audit working with the auditors to answer questions and provide necessary schedules and information as requested. The Accountant also prepares various schedules for the management teams as it relates to negotiations with the bargaining unit, and like all others in the north building, backs up the Customer Service staff members by answering telephone calls, taking payments at the counter or by phone, and signs on new accounts for service.

The Employee Relations Committee met on September 20, 2016 and concurred with staff's assessment that this position should be filled before the current employee retires and talked about possibly upgrading the position so that the replacement might be able to succeed the Secretary-Treasurer when he was ready to retire. The Committee met again on November 7th and staff provided the Committee with the current job description and an updated job description for an Accountant/Controller that had more advanced duties. The thought was to attract a more experienced person that would have the ability/knowledge to potentially replace the Customer Accounts Supervisor and Secretary-Treasurer when they decide to retire.

This item was discussed with the Board at the November 15, 2016 meeting and the consensus was to recruit a new Accountant to replace Ms. Sovich and not upgrade the position at this time. Staff has revised the Accountant job description using the ACWA/JPIA template with minor modifications which is enclosed with this packet. The current job description from 1993 is also enclosed.

The General Manager has reviewed the current salary scale for this position and found that it is in line with other agencies of our size, therefore no changes are being recommended at this time. If adopted, the job can then be posted immediately with hopes of conducting interviews in early January and bringing in the new employee in late January 2017.

Per Appendix P of the District's Rules and Regulations, the General Manager shall prepare job descriptions for all employees and then the Board shall review, comment, and adopt the final job description.

RECOMMENDATION:

It is staff's recommendation that the Board approve the job description for the Accountant position.

Prepared by: Submitted by:

Ron L. Mitchell
Secretary-Treasurer

Thomas A. Love
General Manager

ACCOUNTANT

REVISE NOVEMBER 2016

Definition/Summary

Under general direction, the Accountant performs a variety of difficult and complex professional accounting duties in support of District financial, accounting, and related administrative functions; assists with performance audits of District functions and services; assists with internal control reviews; and is responsible for payroll preparation and processing and all related activities.

Essential Functions

- Plans, organizes, and coordinates daily accounting functions and assignments.
- Sets up accounts for general ledger posting.
- Reviews and ensures the accuracy of ledger posting.
- Reconciles revenue and expenditure data with the general ledger.
- Prepares month-end journals.
- Prepares periodic financial reports and statements.
- Closes and adjusts journals and ledgers each fiscal year.
- Performs periodic audits of internal accounting records to insure accurate controls.
- Assists with quarterly reviews and annual audits conducted by outside auditing agencies.
- Assists District management with long range financial planning, protection of District assets, and maintenance of budget controls.
- Gathers and distributes financial data and projections for the preparation of the District budget.
- Prepares/processes payroll, tax reporting, benefits records administration, and prepares accounting transactions and payroll reports for District management.
- Establish and maintain cooperative working relationships with co-workers, outside agencies, and the public.
- Regular attendance and adherence to prescribed work schedule to conduct job responsibilities.

Other Duties

- Serves as a liaison with vendors, contractors, and debtors.
- Performs special analytical studies as directed by the Secretary-Treasurer.
- Assists with development and maintenance of the District financial management information system.
- Assists with audits of District operations, services, and activities.
- Performs related duties as assigned.

Job Standards/Specifications

Knowledge of:

- Principles and practices of budgeting, accounting, finance, and the development and maintenance of fiscal controls.

- Laws, rules, ordinances, and legislative processes controlling District financial functions and operations.
- Principles and practices of auditing.
- Computerized management information and fiscal systems.
- Investment principles and practices.
- Principles and practices of personnel administration.

Ability to:

- Plan, coordinate, and perform professional accounting work related to the maintenance and development of District financial, accounting, budgeting, and management information systems.
- Assist with District budget development and fiscal controls.
- Maintain and update ledgers and journals.
- Prepare a variety of financial reports and statements.
- Assist with performance audits of District services and functions.
- Effectively prepare and present technical financial information.
- Provide advice and consultation on the development of District financial and management information systems.
- Effectively represent the District's financial functions with individual citizens, community groups, and other government organizations.

Typical Physical Activities

- May occasionally travel by automobile in conducting District business.
- Work at a desk for an extended period of time.
- Work in an office environment, lift and move objects up to 15 pounds such as large binders, books, and small office equipment.
- Sufficient finger/hand coordination and dexterity to operate and adjust office equipment.
- Regularly uses a telephone for communication.
- Use office equipment such as computers, copiers, and FAX machines.
- Sits for extended time periods.
- Hearing and vision within normal ranges with or without correction.

Environmental Factors

1. Exposure to the sun: 10% or less work time spent outside a building and exposed to the sun.
2. Irregular or extended work hours: Occasionally required to change working hours or work overtime.

Desirable Qualifications

Any combination of education and experience, which would likely provide the necessary knowledge and abilities, is qualifying.

A typical way to obtain the knowledge and abilities would be:

Experience - Three years of increasingly responsible work experience in performing professional financial analysis, accounting, management information system development, and budgeting work.

Education – A Bachelor's degree in Business Administration, Finance, Accounting, or closely related field from an accredited college or university is highly desirable.

License Certificate Registration Requirement

Driver License: Possession of a valid California Class C Driver License may be required at the time of appointment. Failure to obtain or maintain such required license(s) may be cause for disciplinary action. Individuals who do not meet this requirement due to a physical disability will be considered for accommodation on a case-by-case basis.

I have reviewed this Job Description with my Supervisor and agree with its contents.

Employee Signature	Date
Supervisor Signature	Date

CRESCENTA VALLEY WATER DISTRICT

ACCOUNTANT

DEFINITION

Under general direction, performs a variety of difficult and complex professional accounting work in support of District financial, accounting, and related administrative functions; assists with performance audits of District functions and services; assists with internal control reviews; provides work coordination and training for fiscal recordkeeping support staff; and performs other duties as assigned.

EXAMPLE OF DUTIES

Plans, organizes and coordinated daily accounting functions and assignments; reviews and ensures the accuracy of ledger posting; reconciles revenue and expenditure data with the general ledger; prepares month-end journals, payroll and retirement reports, periodic financial reports and statements. Closes and adjusts journals and ledgers each fiscal year; performs periodic audits of internal accounting records to insure accurate controls; assists with monthly reviews and annual audits conducted by outside auditing agencies. Provides work direction, coordination, and training for general office staff; serves as a liaison with vendors, contractors, and customers. Performs special analytical studies as directed by the Secretary-Treasurer or General Manager.

MINIMUM QUALIFICATIONS

A Bachelor's Degree in Business or Accounting with a minimum of 3 years of related experience or any combination of education and experience, which would likely provide the necessary knowledge and abilities.

EMPLOYMENT STANDARDS

Knowledge of:

- Principles and practices of budgeting, accounting, finance investment, and the development and maintenance of fiscal controls.
- Laws, rules, ordinances, and legislative processes controlling District financial functions and operations.
- Principles and practices of auditing.
- Public Employees Retirement System procedures.
- Payroll accounting procedures.
- Computerized management information and fiscal systems.
- Investment principles and practices.
- Principles of work coordination and training.

Ability to:

- Plan, coordinate, and perform professional accounting work related to the maintenance and development of District financial, accounting, budgeting, and management information systems.
- Provide training and work coordination for fiscal recordkeeping support staff.

ACCOUNTANT (cont.)

- Assist with District budget development and fiscal controls.
- Maintain and update ledgers and journals.
- Prepare a variety of financial reports and statements.
- Assist with performance audits of District services and functions.
- Communicate well during presentations of financial data.
- Provide advice and consultation on the development of District financial and management information systems.
- Effectively represent the District's financial functions with individual citizens, community groups, and other government organizations.
- Establish and maintain cooperative working relationships.

Revised 7/93

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 4

To: Honorable President and Members of the Board of Directors December 6, 2016

From: David S. Gould. P.E. – District Engineer

Subject: **8-Inch Water Main Replacement on the 4300 & 4400 Blocks of Pennsylvania Ave., Project E-972**

ACTION ITEM:

8-inch Water Main Replacement on the 4300 & 4400 Blocks of Pennsylvania Ave., Project E-972 – Consideration and motion to authorize the General Manager to advertise for bids for the construction of 1,450 lineal feet of pipeline replacement on the 4300 & 4400 Blocks of Pennsylvania Ave. with an engineer's estimate of $320,000 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA).

PROJECT DESCRIPTION:

The District's goal is to replace a minimum of 2,000 linear feet of pipeline which is 50 years or older, per year. Staff's original plan was to replace the water mains on the 2700, 3000, & 3100 Blocks of Brookhill Avenue since they are undersized (4-inch pipe), have had numerous leaks over the last 5 years, and were installed in 1946. The total amount of pipeline to be replaced was 2,400 linear feet.

However, Staff reported at the July 29, 2016, Engineering Committee meeting that one of the two 8-inch water mains on Pennsylvania Ave, which delivers water from the Mills Plant to the Paschall Booster station has had three (3) major main breaks within the last year. Staff believes that the main breaks on the 8-inch main on the west side were due to hydraulic surging and age of the pipeline. The Mills lines on Pennsylvania are 8-inch water mains which were installed in 1938 and 1947 and are under high (over 200 psi) pressure. These pipelines are the main water transmission mains which bring groundwater from the Mills Plant into the water distribution system.

Staff recommended and the Engineering Committee agreed to substitute the planned pipeline replacement on Brookhill Ave with the Mills Pumpline on Pennsylvania Ave. from Encinal Avenue, north to Community Avenue due to the critical nature of this pipeline relative to CVWD's water supply. In addition, the City of Glendale is planning a major paving project on Pennsylvania Ave from the 210 Freeway overpass to Markridge Rd which is planned for the summer 2017. Staff would like to get this project completed before Glendale imposes a 5-year moratorium on any new construction in the street.

DISCUSSION:

The design is nearly completed for the project and it is anticipated it will be complete by the end of December. The plans have been submitted to Los Angeles County Public Works for permit approval, which should take about four (4) weeks. Staff is requesting that the project be advertised for bids at this time due to this Board meeting being the last one before the end of the year and to meet the City of Glendale's paving project schedule.

The anticipated project schedule is for the plans and specifications to be ready for bid by the end of December, 2016, award a contract at the Board meeting on February 7, 2017, construction to begin in early March 2017, and completed in late May 2017. With Glendale's anticipated start date in mid to late June 2017, this will give us about a month of lead time, in case there is a delay in CVWD's project.

A major issue with this project will be the traffic detours around the construction area, which will affect local traffic and the 210 Freeway off ramp traffic. Prior to the start of construction, staff will be working on a public outreach program for the project which will include:

- Sending letters to the residents in the area notifying them of the upcoming project and traffic delays
- Holding public meetings to explain the project and traffic delays
- Coordinating with Caltrans on traffic at the 210 west off-ramp and Caltrans current construction project on the 210 freeway
- Meeting with the local newspapers about an article on the upcoming construction project
- Monthly announcements at the CV Town Council meeting
- Posting traffic and construction updates on CVWD's website

Ms. Christina Olmedo will be the project manager and Mr. Cory Whitman will provide field inspection. The construction cost estimate for the project is $320,000 and the entire project costs including materials, soils engineer, staff engineering and inspection, and contingencies are estimated at $410,000.

RECOMMENDATION:

It is staff's recommendation to authorize the General Manger to advertise for bids for the project. Staff will advertise the project in the McGraw-Hill Dodge Construction News and will send out plans to selected contractors near the end of this year.

ENVIRONMENTAL REVIEW:

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA Guidelines. This exemption covers the repair of existing facilities involving negligible or no expansion of existing use.

FUNDING AVAILABILITY:

There are sufficient funds available in the following accounts for the project:

Account Description	Amount
FY 16/17 Water CIP– Water Distribution	$600,000
Engineer's Cost Estimate for Contractor	<$320,000>
Additional costs such as material purchase by CVWD, soils engineer, engineering & inspection labor costs & contingency	<$90,000>
Total Engineer's Cost Estimate	**<$410,000>**
Amount Remaining in Water CIP – Distribution System	**$190,000**

Prepared by:

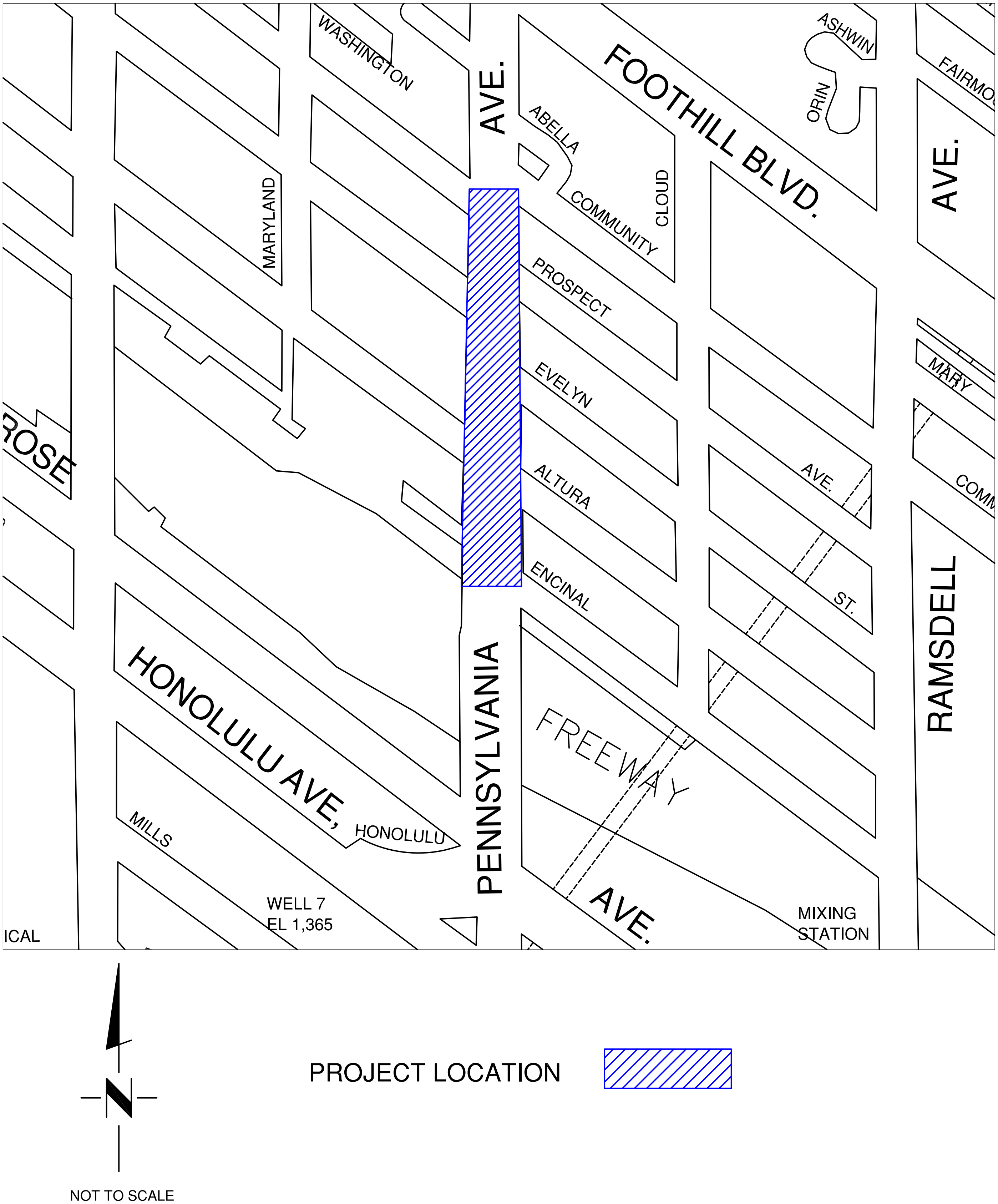
Christina Olmedo
Assistant Engineer

Submitted by:

David S. Gould, P.E.
District Engineer

Attachments:

1. Project Location Map



CRESCENTA VALLEY WATER DISTRICT

PROJECT LOCATION MAP

8-INCH WATER MAIN INSTALLATION ON THE 4200-4300 BLOCKS OF PENNSYLVANIA AVENUE, PROJECT E-972

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 5

To: Honorable President and Members of the Board of Directors — December 6, 2016

From: David S. Gould. P.E. – District Engineer

Subject: **Lower Pickens Canyon Pipeline Crossing Repair, Project E-957**

ACTION ITEM:

Lower Pickens Canyon Pipeline Crossing Repair, Project E-957 – Consideration and motion to waive the Bid Procurement and Purchasing Policy per Article 18.01 of CVWD's Rules and Regulations and allow the General Manager to select and negotiate with a contractor for the Lower Pickens Canyon pipeline replacement and slope repair project at a cost not to exceed $425,000 and to find said project exempt from provisions of the California Environmental Quality Act (CEQA).

BACKGROUND:

On May 30, 2015, a water main break occurred on the Lower Pickens Canyon pipeline crossing located on the slope near 5481 Ocean View Blvd. This pipeline is one of three (3) pipelines which cross Pickens Canyon. This pipeline was installed in 1956, and a portion of the pipeline was replaced in 1972. The leak has been repaired with a stainless steel clamp and water has been restored to the area. The pressure in the pipeline is approximately 150 psi, and the natural slope above and below the pipeline was severely eroded by the water.

Staff determined that the pipeline will have to be either repaired or replaced to prevent any future leaks. The slope will have to be repaired to protect against future erosion.

Staff worked with DMc Engineering (DMc) and AMEC Foster Wheeler (AMEC) on the design of an interim pipe & slope stabilization and erosion control plan. This interim plan included installing sand bags with slurry to support the exposed pipeline and to prevent further erosion of the slope during the rainy season. The interim plan was completed by West End Engineering in February, 2016.

October 4, 2016 Report:

- Staff reviewed slope & pipeline replacement options with the Engineering Committee. The Committee recommended Option 2 to repair the slope and install a new 8-inch pipeline from the bottom of the slope, reconnect at the angle point near the top of the slope where the pipeline goes underground and through the easement. Board concurred with the Engineering Committee's recommendation.
- Staff met with the City of La Canada Flintridge (LCF) to discuss the Ocean View Blvd pavement replacement project from Foothill Blvd to the top of Ocean View, and the restoration of the existing slope on a portion of Ocean View Blvd, just north of the project site.
- Staff met with Mr. Jack Tasso, property owner at 5481 Ocean View Blvd regarding his concerns about the construction schedule and how it will affect his property.
- Board authorized the General Manager to enter into agreements for professional design services with AMEC Foster Wheeler & DMc Engineering for a maximum cost of $75,000.

October 18, 2016 Report:

- Received proposals from AMEC Foster Wheeler for $20,500 and DMc Engineering for $36,520 for a total of $57,020.
- Staff contacted U.S. Army Corps of Engineers, California Department of Fish and Wildlife, and California Regional Water Quality Control Board to get permit requirements.
- Provided Mr. Tasso an update of the project.

November 1, 2016 Report:

- AMEC's Restoration Ecologist, Clayton Kraft, visited the site and prepared a report about the restoration and replanting of the slope.
- DMc started the design of the preliminary alignments and created base sheets.
- Staff met with TT Technologies, Inc about pipe bursting and slip-lining equipment and methods to replace the pipeline.
- Provided Mr. Tasso an update of the project.

November 15, 2016 Report:

- Staff, AMEC, and DMc discussed the pipeline connections at top and bottom of the slope, moving pipeline alignment within the existing easement, limits of work for the slurry and soil replacement, and installation of soil matting over the top of the new slope to prevent erosion.
- AMEC delineated the top of the existing Pickens Canyon channel area near the bottom of the slope for permitting processing.
- Staff provided information to pipeline material vendors who provide fusible PVC pipe and HDPE fusion pipe for preliminary costs.
- Provided Mr. Tasso an update of the project.

STATUS REPORT:

- Field crews exposed the pipe at the top of the slope before the pipe goes between the houses.
- DMc Engineering surveyed the location of the top of the existing Pickens Canyon channel area near the bottom of the slope and the pipe at the top of the slope.
- Staff met with Tim Roberts from TE Roberts, Inc, a contractor who has done similar work in Rose Hills near Whittier and has worked with both fusible PVC and HDPE installations.
- Staff met with Brett Fornelli from Underground Solutions, Inc, which provides fusible PVC pipe and fusion services regarding pipe specifications, preliminary costs and list of pipeline contractors.
- Staff met with Darin Predmore with HD Supply, which supplies the high density polyethylene (HDPE) pipe regarding pipe specifications, preliminary costs and list of pipeline contractors.

DISCUSSION:

Staff and its consultants are about 80% completed with the design and specification, and it should be completed by December 15, 2016. In order to meet the goal of starting construction in mid-January 2017 and completing the project in mid to late February 2017 as requested by the property owner, staff will have to accelerate the contract bidding and award process.

For a typical CVWD capital improvement project, the Board authorizes the General Manager to advertise for prospective bids, then staff holds a formal bid opening and the Board authorizes the award of the contract. This procedure is discussed in CVWD's Rules and Regulations, Article 18.01, Bid Procurement and Purchasing Policy and detailed in Appendix Q - Bid Procurement and Purchasing Policy (See attachments).

However, to meet the project schedule, staff is requesting that the Board of Directors waive CVWD's Bid Procurement and Purchasing Policy and allow the General Manager to select and negotiate with a contractor for the Lower Pickens Canyon pipeline replacement and slope repair project. This will allow staff to work with a selected contractor and keep the project moving forward to meet the property owner's deadline.

Staff has prepared a preliminary cost estimate based on discussions with the consultants, the pipe suppliers and a contractor, as shown on the attached preliminary cost estimate. The preliminary cost estimate is $425,000 and includes a 25% contingency for change orders and other unforeseen costs.

Another factor that may or may not affect the project are the permit requirements. AMEC located the top of Pickens Channel in the field and it was below the pipeline construction area. Staff will be meeting with the permitting agencies within the next week to determine if permits are needed.

RECOMMENDATION:

It is staff's recommendation to waive the Bid Procurement and Purchasing Policy per Article 18.01 of CVWD's Rules and Regulations and allow the General Manager and staff to select and negotiate with a contractor for the Lower Pickens Canyon pipeline replacement and slope repair project at a cost not to exceed $425,000. The total cost for the project is estimated to be $572,020 and additional funds are available from Project E-972, 8-inch water main replacement on Pennsylvania Ave.

ENVIRONMENTAL REVIEW:

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the CEQA Guidelines. This exemption covers the repair of existing facilities involving negligible or no expansion of existing use.

FUNDING AVAILABILITY:

The following table shows that there are sufficient funds available for the project:

Account Description	Amount
FY 16/17 Water CIP– Water Distribution – Lower Pickens Canyon Pipeline	$500,000
Remaining from 8-inch Water Main on the 4300 & 4400 Blocks of Pennsylvania Ave, Project E-972	$190,000
Revised amount for Lower Pickens Canyon Pipeline	**$690,000**
Preliminary Cost Estimate – Installation of Pipeline and Slope Repair	<$425,000>
Additional costs such as inspection and testing services & contingency	<$90,000>
Professional Engineering and Geotechnical Services	<$57,020>
Total Preliminary Project Cost Estimate	**<$572,020>**
Amount Remaining in Project	**$117,980**

Prepared by:

David S. Gould, P.E.
District Engineer

Submitted by:

Thomas A. Love
General Manager

Attachments:

1. Article 18.01 of CVWD's Rules and Regulations
2. Appendix Q - Bid Procurement and Purchasing Policy
3. E-957 – Preliminary Cost Estimate

g:\management\board meeting staff reports\2016\12-06-16 board memo e-957 lower pickens slope - status report no. 4.docx

14.05: CANDIDATE BALLOT STATEMENTS

Candidates for election to the Board shall be authorized to file ballot statements that do not exceed 400 words. The cost of such statements shall be paid by the candidate.

14.06 VOLUNTARY CAMPAIGN EXPENDITURE LIMITS

In an effort to reduce the time and resources expended in campaigning for election to the Board and to provide a fair opportunity for individuals and interest groups to participate in the election process, the District has established a policy providing for voluntary limits on campaign expenditures, which policy is set forth in Appendix N.

14.07 QUARTERLY EXPENSE REPORTING

In accordance with Government Code Section 53065.5, the District shall publish, at least annually, a report reflecting all reimbursements paid by the District to directors or employees of at least one hundred dollars ($100.00) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee.

ARTICLE 15: RULES, POLICIES AND PROCEDURES RE EMPLOYER-EMPLOYEE RELATIONS

Pursuant to Government Code Sections 3500 et seq., also known as the Meyers-Milias-Brown Act, the Board has adopted a resolution which provides a reasonable method of resolving disputes regarding wages, hours, and other terms and conditions of employment between the District and employee organizations. A copy of such resolution is attached hereto as Appendix O.

ARTICLE 16: RESPONSIBILITIES AND AUTHORITY OF THE BOARD, GENERAL MANAGER AND SECRETARY-TREASURER

The Board has employed a General Manager and a Secretary-Treasurer to carry out the Board policies, direct District operations, and provide day-to-day supervision of District employees and control of District expenditures. It is the judgment of the Board that clear delineation of their respective responsibilities and authority is essential to effective District management. Said authority and responsibilities are set out in Appendix P attached hereto.

ARTICLE 17: CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES

The District has adopted CEQA Environmental Review Guidelines in accordance with state law and incorporates such guidelines herein. The District CEQA Environmental Review Guidelines are on file in the District office.

ARTICLE 18: POLICIES REGARDING PURCHASING AND DONATIONS

18.01 BID PROCUREMENT AND PURCHASING POLICY

A County Water District such as this District is not always required by law to use or follow a formal competitive bidding process in letting contracts either for the construction of any works or for the acquisition of materials or equipment for use by the District or for incorporation into any work, job or construction project for the District. However, the Board believes that there are situations when it is clearly in the best interests of the District to require that a work, job or construction project, or acquisition of material or equipment, should be let by a contract arrived at through use of competitive bidding procedures.

The Board believes that in certain other cases it is clearly in the best interests of the District that the General Manager be authorized to proceed on behalf of the District by any means the General Manager deems to be appropriate in the circumstances, including the use of informal bids or quotations, or by a purchase in the open market without advertising.

Finally, it is also recognized by the Board that in between those two situations there are many times when a particular work, job or construction project, or the acquisition of certain materials or equipment, is such that the District's interests may or may not be best served by

APPENDIX Q

CRESCENTA VALLEY WATER DISTRICT

BID PROCUREMENT AND PURCHASING POLICY

APPENDIX Q

CRESCENTA VALLEY WATER DISTRICT

BID PROCUREMENT AND PURCHASING POLICY

I. <u>Work Costing More Than $25,000</u>

a. Except as otherwise provided in this statement of policy or by law, all contracts for any improvement, job, construction project or unit of work (herein referred to as work), and all acquisitions of material or equipment, estimated to cost or to have a value when completed in excess of Twenty-Five Thousand Dollars ($25,000), shall be let to the lowest responsible bidder in the manner hereinafter provided.

b. The Board shall first determine whether the contract shall be let or the acquisition made, as a single unit for the whole of the work or acquisition, or whether it shall be divided into severable convenient parts.

c. The Contract documents shall be prepared utilizing the District's standard forms, with such modification as may be appropriate for the particular work or unit of work, for the acquisition of materials or equipment. In the case of work to be performed for the District, the documents to be prepared shall ordinarily include the Notice Inviting Bids, Instructions to Bidders, the Proposal for submission by the bidder, the Information Required of Bidder, setting forth the equipment and material source and other required information, Contractor's Licensing Statement, List of Subcontractors, Bid Security Form, Agreement, Faithful Performance Bond, Payment Bond, Non-Collusion Affidavit, Notice to Proceed, General Provisions, Special Provisions, and Plans and Specifications.

d. Unless otherwise required by the provisions of the Public Contract Code, the District may advertise in the F.W. Dodge Green Sheet, the Construction Market Data and similar publications, inviting sealed proposals for furnishing labor for or materials or supplies for use or incorporation in, the proposed work or unit of work, or for providing materials or equipment. In the event that the construction of works is to be paid for with the proceeds of the sale of bonds or a limited assessment, the District shall give said notice by publication once a week for three (3) successive weeks in a newspaper of general circulation published in the District.

e. All bids shall be presented under sealed cover on forms furnished by the District, and, in the case of a bid to perform work for the District, it shall be accompanied by one of the following forms of bidder's security: (1) cash, (2) a cashier's check made payable to the District, (3) a certified check made payable to the District, or (4) bidder's bond executed by an acceptable surety insurer made payable to the District.

f. At the time and place appointed and set forth in the Notice Inviting Bids, the bids shall be opened in public.

g. The Board may reject any and all proposals or bids should it deem it to be for the public good, or may award the contract for the work or unit of work, or materials or equipment, to the lowest responsible bidder at the prices named or specified in the bid or proposal.

h. In the case of work to be performed for the District, the District shall require the successful bidder or bidders to file with the Board good and sufficient bonds, to be approved by the Board, conditioned upon the faithful performance of the contract and upon payment of all claims for labor and materials in connection therewith.

i. In the case of work to be performed for the District, the District shall require the successful bidder or bidders to carry public liability and property damage insurance, workers' compensation insurance, and other insurance, in the amounts and under the terms stipulated in the Contract documents.

j. "Lowest Responsible Bidder" shall mean a person who submits the lowest monetary bid, taking into account the contract bid reduction provided for in paragraph g, and which responds to the terms upon which bids were requested, and who has the capacity, integrity and ability to perform the particular requirements of the contract. Factors which may be considered in determining the "lowest responsible bidder" include, but are not limited to, all of the following:

1) The contractor's prior record of performance on other public works projects, if any, including timely completion of performance, quality of work, and completion of projects within project budget or bid amount submitted.

2) The contractor's involvement in any ongoing litigation or contract disputes with the District which could impair satisfactory performance on the contract to be awarded.

3) The contractor's history of noncompliance with occupational safety and health requirements, labor statutes and regulations, and other local, state, federal laws.

II. Work or Acquisitions Costing Less Than $25,000

All contracts for any work or unit of work, and all acquisitions of materials or equipment, estimated to cost or to have a value when completed that is less than Twenty Five Thousand Dollars ($25,000), may be authorized by the District's General Manager or in his absence the Secretary-Treasurer, without compliance with any formal competitive bidding procedure or prior Board approval, and in any such case the General Manager or Secretary-Treasurer may authorize the work or unit of work or acquire the materials or equipment, by informal bidding or quotations or by purchase on the open market without advertising. These informal procurement processes shall nevertheless contain adequate risk management controls as determined from time to time by the Attorney.

The following procedures shall be followed by all District employees when requesting parts, materials or supplies:

a. An authorized employee will fill out a Purchase Order, which is then submitted to their supervisor for preliminary approval. Final approval shall be upon the signature of the General Manager, or his designee, with the exception that the Superintendent may approve Purchase Orders not greater than $500. The account number to which the purchase should be charged must be included on the Purchase Order.

b. Upon receipt of the parts, supplies or materials ordered, the designated receiving person checks the goods to ensure they are in acceptable condition, and counts them against the packing slip. If everything is in proper order, the packing slip is then approved. If not in order, the shipment shall be refused and returned to the vendor for correction. Upon approval of the packing slip, the receiving person shall forward the shipment to the appropriate Supervisor or Plant Coordinator.

c. The signed packing slip shall be noted with the corresponding Purchase Order and submitted to Accounts Payable to be processed for payment.

d. Upon receipt of the original invoice from the vendor, Accounts Payable shall compare the original invoice to the approved Purchase Order and packing slip. If all is in order, the invoice shall be processed for payment.

e. Any purchase under Thirty Dollars ($30.00) or purchased from ongoing suppliers with whom the District has an open account does not require a Purchase Order, but must have approval from a supervisor on the original invoice.

f. Petty cash disbursements may be used for miscellaneous purchases not to exceed $100 when approved in advanced by the Secretary-Treasurer or his designee.

III. Change Order Policy

All change orders occurring during the performance of a contract shall be reported to the Board. Change order amounts which are Five Thousand Dollars ($5,000) or less or which are ten percent (10%) or less of the original contract amount up to a maximum amount of Twenty-Five Thousand Dollars ($25,000) may be authorized by the District's General Manager; however, change order amounts greater than Five Thousand Dollars ($5,000) and greater than ten percent (10%) of the original contract amount up to a maximum or cumulative change order amount of Twenty-Five Thousand dollars ($25,000) shall be approved by the Board. The Board shall by a majority vote approve all change order amounts in excess of Twenty-Five Thousand Dollars ($25,000). In the case of contracts with unit prices, if the number of units of significant bid items increases by twenty percent (20%) or more, Board approval must be obtained.

IV. Exceptions to Statement of Policy

The Policy specified in this statement shall not apply in the following cases or circumstances, provided, however, that the policy with respect to approval of Purchase Orders and processing invoices for payment shall be observed in all events: and provided that the Board shall approve all single expenditures greater than $25,000 regardless of the procurement process:

(1) A contract for the acquisition or disposal of any real property.

(2) A contract for the leasing of any personal property or the acquisition of personal property other than materials and equipment for use in construction activities.

(3) A contract for the purchase of water or water rights.

(4) A contract for the repair of District equipment.

(5) A contract for legal, engineering and other professional services.

(6) A contract for the performance of work or acquisition of materials or equipment deemed by the Board to be of urgent necessity for the preservation of life, health or property, or in order to continue to provide water to the District's existing customers, and such action is authorized by a two-thirds vote of the District's Board.

(7) The repair, alteration, addition, or the making of improvements, by force account.

(8) Work related to and in furtherance of the purposes of the District, or materials or equipment acquired for such purposes, where such work is to be performed or such materials or equipment are to be acquired, for the account of other persons or entities, an example of such work or acquisition being the construction of a water transmission line or the installation of meters or other facilities for a developer and done at the developer's expense.

(9) A contract for the performance of work or acquisition of materials in instances where work and materials are regularly and periodically required and work and materials are repairs or replacements of prior works or materials relating to the following:

   (a) Asphalt and concrete patching;

   (b) Janitorial supplies;

   (c) Office supplies;

   (d) Aggregate (sand, base and similar materials);

   (e) Cold mix asphalt;

   (f) Data mailers;

   (g) Water meters.

   (h) Water treatment chemicals and supplies;

   (i) Sewer maintenance;

   (j) Landscaping maintenance;

   (k) Uniform service.

(10) The provision of ongoing utility services to the District such as electricity, natural gas, or telecommunications.

(11) A contract for the performance of work or acquisition of materials in instances where the work or materials is identified as a line item on an approved budget or as a necessary component of a line item in an approved budget.

V. <u>Scope of Statement of Policy</u>

This statement of policy establishes the manner of calling for bids and letting contracts for the performance of work for the District or the acquisition of materials or equipment. However, notwithstanding this statement, all contract for work and all contracts for acquisition of materials and equipment, may be made or entered into upon such terms and conditions and in such manner as the Board may determine is in the best interest of the District.

CRESCENTA VALLEY WATER DISTRICT

Bid Summary

Pipe & Slope Stabilization and Erosion Control for Lower Pickens Canyon

Project: E-957

Engineer Cost Estimate: $425,000

Project Manager: David Gould

				Engineers Estimate	
ITEM	DESCRIPTION	QUANTITY		UNIT	AMOUNT
1	Mobilization and Demobilization including any and all permits	1	LS	$15,000	$15,000
2	Removal and disposal of geotextile fabric, plastic sheeting, and steel pins	1	LS	$17,000	$17,000
3	Remove and/or trim and disposal of existing landscaping/natural vegetation within areas shown	1	LS	$15,000	$15,000
4	Install 4000 psi, 3/8” shotcrete and slurry to within 24" of the finish grade and plug existing area drain lines within areas shown	1	LS	$75,000	$75,000
5	Install 8-inch HDPE or Fusible PVC pipe including connections to existing 8-inch steel pipe at the top and bottom of slope	500	LF	$200	$100,000
6	Import and place select fill material and compact to 85% relative compaction within areas shown	1	LS	$25,000	$25,000
7	Re-grade existing sloped area to match the existing surrounding grade	1	LS	$7,000	$7,000
8	Install geotechnical Mesh fabric on surface of slope	1	LS	$25,000	$25,000
9	Install native plant landscaping with irrigation system within areas as shown	1	LS	$30,000	$30,000
10	Replace existing fencing on west and south property lines as shown on plans	1	LS	$6,000	$6,000
11	Remove and replace existing wooden staircase and landing, including new footings	1	LS	$25,000	$25,000
	Contingency	25%			$85,000
				Total	$425,000

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Item No. 7
December 6, 2016

To: Board of Directors

From: Ron L. Mitchell, Secretary-Treasurer

Subject: **Resolution No. 728 – District Investment Policy**

ACTION ITEM:

1. **Resolution No. 734 District Investment Policy** – Consideration and motion to adopt Resolution No. 734 outlining the District's Investment Policy for 2017.

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.

Recommendation

It is staff recommendation that the Board adopt Resolution No. 734 to approve the District's Investment Policy for the year 2017 as presented.

Prepared by:

____
Ron L. Mitchell, Secretary-Treasurer

Submitted by:

____
Thomas A. Love, General Manager

RESOLUTION NO. 734

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, include 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 (NSRSO). 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).

q. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

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 6, 2016. Resolution No. 734 was adopted by the following vote:

AYES: **Director Bodnar**
Director Claessens
Director Erickson
Director Putnam
Director Tejeda

NOES: **None**

ATTEST:

____
President, Board of Directors
Crescenta Valley Water District

____
Secretary of the Board of Directors

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Ron Mitchell, Secretary of the Crescenta Valley Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 734 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on December 6, 2016 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: December 6, 2016 **(S E A L)**

CRESCENTA VALLEY WATER DISTRICT
INVESTMENT PORTFOLIO SUMMARY
December 2, 2016

INVESTMENT TYPE	ACCT/CUSIP I.D. NO.	PURCHASE DATE	*FACE VALUE	INVESTMENT COST	% OF TOTAL	**MARKET VALUE	MATURITY DATE	DATE CALLABLE	EARNED TO DATE	YIELD TO MATURITY	
GENERAL FUNDS											
GENERAL FUND-SWEEP ACCOUNT	0631-525246		$ 296,069	$ 296,069	1.93%	$ 296,069	none	n/a	$ 168	0.02%	
GREAT PACIFIC SECURITIES	GPC-804452		$ -	$ -	0.00%	$ -	none	n/a	$ 5	0.02%	
BOND DEBT SERVICE FUND	6948-331525		$ 189,867	$ 189,867	1.24%	$ 189,867	none	n/a	$ 43	0.06%	
LOCAL AGENCY INVESTMENT FUND	90-19-007		$ 2,093,346	$ 2,093,346	13.63%	$ 2,093,346	none	n/a	$ 10,273	0.60%	Sep 2016
TRANSFER FROM MTBE RESERVE			$ 2,000,000	$ 2,000,000	13.02%	$ 2,000,000					
FEDERAL FARM CREDIT (83)	3133EAY28	10/9/2012	$ 500,000	$ 502,885	3.27%	$ 500,550	9/21/2017	n/a	$ 1,399	0.71%	
FEDERAL FARM CREDIT (87)	3133EC4Y7	11/19/2012	$ 500,000	$ 500,000	3.26%	$ 500,000	11/27/2017	n/a	$ 1,567	0.93%	
FEDERAL FARM CREDIT (101)	31331VY26	6/14/2016	$ 1,000,000	$ 1,211,530	7.89%	$ 1,184,920	8/16/2021	n/a	$ 18,534	1.26%	
FEDERAL FARM CREDIT (103)	31331VQG4	8/2/2016	$ 1,000,000	$ 1,287,830	8.39%	$ 1,257,920	2/6/2026	n/a	$ 12,822	1.88%	
			$ 7,579,282	**$ 8,081,527**		**$ 8,022,672**			**$ 44,810**		
CONSTRUCTION FUNDS											
COPS RESERVE FUND	108614000		$ 617,247	$ 617,247	4.02%	$ 617,247	none	n/a	$ 52	0.02%	
			$ 617,247	**$ 617,247**		**$ 617,247**			**$ 52**		
MTBE CONTINGENCY FUNDS											
LOCAL AGENCY INVESTMENT FUND	90-19-007		$ 250,000	$ 250,000	1.63%	$ 250,000	none	n/a	$ -	0.60%	Sep 2016
GREAT PACIFIC SECURITIES	GPC-003670		$ 354,268	$ 354,268	2.31%	$ 354,268	none	n/a	$ -	0.02%	
TRANSFER TO WATER RESERVE			$ (2,000,000)	$ (2,000,000)	-13.02%	$ (2,000,000)					
FEDERAL FARM CREDIT (M-48)	3133ED4U3	5/11/2016	$ 500,000	$ 518,915	3.38%	$ 514,045	10/11/2019	n/a	$ 3,580	0.99%	
FEDERAL FARM CREDIT (M-49)	3133EA5N4	5/11/2016	$ 1,250,000	$ 1,260,763	8.21%	$ 1,253,187	10/22/2019	n/a	$ 5,265	0.99%	
US TREASURY (M-53)	912828R36	7/12/2016	$ 1,000,000	$ 1,013,212	6.60%	$ 982,190	5/15/2026	n/a	$ 4,942	1.48%	
US TREASURY (M-54)	912828S76	8/5/2016	$ 1,000,000	$ 1,002,175	6.53%	$ 991,020	7/31/2021	n/a	$ 2,682	1.08%	
US TREASURY (M-55)	912828R36	8/25/2016	$ 1,000,000	$ 1,004,930	6.54%	$ 982,190	5/15/2026	n/a	$ 2,983	1.57%	
US TREASURY (M-56)	912828R36	10/4/2016	$ 1,000,000	$ 997,540	6.50%	$ 982,190	5/15/2026	n/a	$ 1,221	1.65%	
FEDERAL FARM CREDIT (M-57)	3133EGWX9	10/5/2016	$ 1,000,000	$ 987,148	6.43%	$ 973,420	4/6/2026	n/a	$ 1,296	1.96%	
FEDERAL FARM CREDIT (M-58) NEW	31331VWN2	11/9/2016	$ 1,000,000	$ 1,266,700	8.25%	$ 1,266,700	4/13/2026	n/a	$ -	2.24%	
			$ 6,354,268	**$ 6,655,650**		**$ 6,549,210**			**$ 21,969**		
TOTAL INVESTMENTS			$ 14,550,797	$ 15,354,424		$ 15,189,129			$ 66,831		
CASH- PAYROLL ACCOUNT	0948-024724		$ 2,085	$ 2,085	0.01%	$ 2,085					
TOTAL CASH AND INVESTMENTS			**$ 14,552,882**	**$ 15,356,510**	**100%**	**$ 15,191,214**			**$ 66,831**	**0.65%**	
						$ (165,295)	***Unrealized Gain/(Loss) on Investments				

Yield on investments including LAIF but not cash accounts	1.28%
Yield on investments not including LAIF or cash accounts	1.40%

I certify that this report accurately reflects all pooled investments and is in compliance with California Government Code Sections 5922 & 53601 as amended on 1/1/97; are currently in conformity with the investment policy as stated in Resolution No. 728 adopted on December 8, 2015.
As Treasurer of the Crescenta Valley Water District, I, Ron L. Mitchell hereby certify that sufficient investment liquidity and anticipated revenues are available to meet one year of estimated expenditures for the operations of Crescenta Valley Water District.

*Value at investment maturity date.

***Reported in compliance with GASB Standard No. 31, effective July 1, 1997, the "fair value" adjustment necessary between cost and market value.

	October 31, 2016	**September 30, 2016**	**August 31, 2016**
Water	$ 10,737,673.36	$ 10,678,101.12	$ 10,772,656.69
Wastewater	$ 4,600,534.52	$ 4,544,177.29	$ 4,644,695.59
	$ 15,338,207.88	$ 15,222,278.41	$ 15,417,352.28

December 2, 2016

Ron L. Mitchell, Secretary-Treasurer, CVWD — **Date**

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

GM Report
December 6, 2016

To: Honorable President and Members of the Board of Directors

From: Thomas A. Love, General Manager

Subject: **General Manager Report**

General Manager Objectives

In November 2015 the Board identified objectives for the District and General Manager. The General Manager is also taking the lead on additional projects. The following is a summary of the progress and status for each objective or project.

Objective	Due Date	Status
Long-term strategic plan	December 31, 2016	3 Leadership Staff Workshops completed. Board Workshop scheduled for Dec. 2
Complete Cost of Service Study for water and wastewater	June 30, 2016	Completed
Continued cost containment and improved financial reporting	On Going	
Develop a ten-year CIP	June 30, 2016	Draft ten-year CIP has been prepared by the District Engineer and presented to the Engineering Committee.
Develop staff succession plan	December 31, 2016	Included organizational and workforce planning in strategic planning process.

Project		
Recycled water evaluation	July 26, 2016	Draft conceptual evaluation prepared by GM in 2015. Consultant peer review completed. Present to Engineering Committee in December.
Solar energy evaluation	August 31, 2016	Request sent to solar vendors for evaluation of solar energy potential and cost for the District.
Main office building master plan	December 31, 2016	List of architectural consultants, including local firms, prepared. Discussed with the Engineering Committee.

General Manager Activities

November General Manager Meetings:

November 7th City of LA BOS Meeting
November 16th FMWD managers meeting
November 17th FMWD E&O Committee meeting
November 21th FMWD Board meeting
November 22nd USBR grant funding workshop
November 29-30 ACWA Conference

November General Manager Activities:

Strategic planning
Revenue/expense monitoring and reporting
Recycled water conceptual evaluation
OPEB Actuarial

Staffing

This month there are two employment anniversaries: Dennis Maxwell and Rob Wood – 11 years.

As of November 30th, the District has worked **905 days** without a lost time accident.

Prepared & Submitted by:

Thomas A. Love, P.E.
General Manager

CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

December 6, 2016
Staff Report

To: Honorable President and Members of the Board of Directors

From: David S. Gould. P.E. – District Engineer

Subject: **District Engineer – Staff Report**

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1. <u>Water Production Report</u>

- November 1 – 30 – Water production – 45%/55% split – 104.0 MG for the time period
  Average use – 5.3% more than 2015 and 3.4% less than 5-yr average

2. <u>Rainfall Update</u>

- 1.44" for November 2016
- Rainfall total for Rainfall Year 2016/17 – 2.10"

3. <u>Report on Engineering</u>

- **<u>CIP Projects</u>**
  - Ocean View Chloramination Project
    - Agreements – Working with FMWD & LADWP
    - Meet with DDW to finalize project
  - Pipeline Projects
    - See Staff Report
  - Pickens Canyon Pipeline Replacement and Slope Repair
    - See Staff Report
  - Paschall Booster Station MCC and Piping Upgrades
    - Staff working on Request for Proposal
  - Oak Creek Reservoir Rehabilitation
    - Advertising for Bids
  - Seismic Sensors & Valve Actuators at Dunsmore & Pickens Reservoir
    - Work started at Dunsmore Reservoir
- **<u>Nitrate Removal Treatment Facility at Well 2 Project</u>**
  - Consultant working on 90% Design - plans and specifications
  - Working on permit requirements from Glendale
- **<u>Crescenta Valley County Park Stormwater Recharge Facility Study</u>**
  - No Report
- **<u>ULARA</u>**
  - No Report
- **<u>Water Meter Replacement Program</u>**
  - Field crews replacing water meters in Zones 10 & 11
  - Replaced 87 meters to date

4. Report on Administrative and Field Operations

- **Wells - Status**
  - Well production capacity - averaging 1.59 MGD for November 2016
  - Well 16 - back in service on November 7, 2016

5. Field Maintenance & Operations –November 11 – November 30, 2016

- **Water Lateral Leaks & Repairs**

2931 Hopeton 5936 Canyonside 5224 New York 3303 Fairmount

- **Fire Hydrant Repair**
  - No Report
- **Developer Job**
  - No Report
- **Water Main Leaks**
  - No Report
- **Booster Pump Maintenance**
  - No Report
- **Reservoir Maintenance**
  - No Report
- **Sewer Maintenance**

3000-3100 Blocks of Brookhill 5100 Block of Daver 4900-5100 Blocks of Cloud

5100 Block of Parham 5000 & 5100 Blocks of Pennsylvania

CRESCENTA VALLEY WATER DISTRICT

WATER PRODUCTION REPORT

November 1 - November 30, 2016

Well Production:	37,751,520	Gals		
GWP Production:	7,940,000	Gals		
Gravity Production:	1,467,900	Gals	% GW	45%
Purchased Water:				
FMWD:	56,842,000	Gals		
City of Glendale:	0	Gals	% Import	55%
TOTAL:	104,001,420	Gals		
	319.17	ac-ft		
Glenwood Nitrate Water Reclamation Plant:*	9,496,000	*Included in Well Production		

WATER DEMAND COMPARISON

Time Period	Average Daily Usage (gals)	Current Period Change
November 1, 2016 - November 30, 2016	3,340,956	
November 1, 2015 - November 30, 2015	3,171,938	5.3%
5-yr Average - November 2011 - 2015	3,458,053	-3.4%

RAINFALL: November 1 - November 30, 2016 — 1.44"

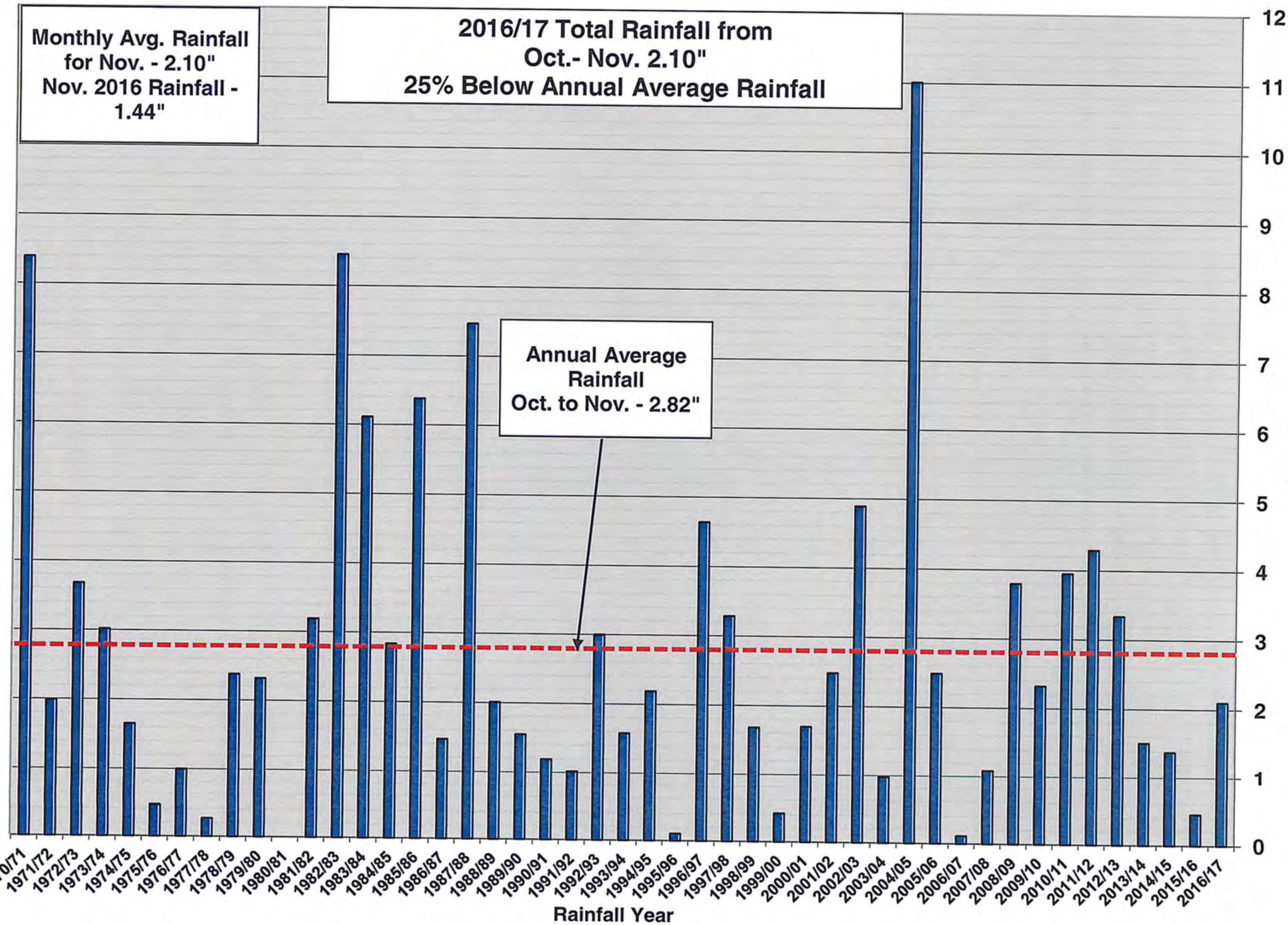
Season-To-Date: — 2.10"

2016/17 Fiscal Year Water Production			Groundwater Production Water Rights		GWP (Well 16) Water Production		Purchased Water Production Tier 2 Allocation	
Month	**Actual Total Water Production (ac-ft)**	**Projected Total Water Production (ac-ft)**	**Month**	**Month**	**Month**	**Well Production (ac-ft)**	**Month**	**Imported Water Production (ac-ft)**
July	379	315	October	123	January	0	January	109
August	383	345	November	120	February	0	February	100
September	376	325	December		March	30	March	78
October	354	315	January		April	50	April	84
November	319	290	February		May	47	May	134
December		250	March		June	42	June	153
January		260	April		July	13	July	218
February		285	May		August	39	August	211
March		330	June		September	38	September	203
April		325	July		October	32	October	195
May		325	August		November	24	November	175
June		335	September		December		December	
Total to Date	1,811	1,590	Total to Date	243	Total to Date	315	Total to Date	1,660
Projected	3,921	3,700	Water Rights	3,294			Tier 2	2,154
% of Projected	49.0%	43.0%	% of Rights	7%			% of Allocation	77%
Remaining	1,889	2,110	Remaining	3,051			Remaining	494

NOTE:

1) Blue Numbers = Estimated Water Production

Monthly Rainfall - 1970/71 - 2016/17 (Oct.- Nov.)



Revised Date: 12/2/2016

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

December 6, 2016
Staff Report

To: Honorable President and Members of the Board of Directors

From: Christy J. Scott

Subject: **Water Conservation Update**

Monitoring Report Submitted to State for November 2016:

Production Numbers

Total Water Production November 2016:	319 AF
Total Water Production November 2013:	368 AF
Monthly Percent Reduction:	13 %
Residential Gallons per Capita per Day (R-GPCD) November 2016:	94

*** Compliance Reporting**

Days of Outdoor Irrigation Allowed:	3
Number of Water Waste Complaints:	0
Number of Follow-ups:	0
Number of Warnings:	0
Number of Penalties:	0

* The District is currently in Yellow Alert (3-days per week watering)

Regulatory:

On Wednesday, November 30, 2016, California State Agencies released a draft plan for achieving long-term efficient water use as required by Governor Brown's Executive Order B-37-16.

Proposed as a collaborative effort between five state agencies – the Department of Water Resources, the State Water Resources Control Board, the California Public Utilities Commission, the California Department of Food and Agriculture, and the California Energy Commission, collectively referred to as the "EO Agencies", this plan represents a shift from statewide mandates to conservation standards based on local conditions to achieve the four objectives contained in the executive order.

1. Using Water More Wisely
2. Eliminating Water Waste
3. Strengthening Local Drought Resilience
4. Improving Agricultural Water Use Efficiency and Drought Planning

Staff will make a full report to the Board on the impact of this draft plan at a future Board Meeting.

Event Calendar:

FMWD – CA Friendly Landscape Class –December 17th – 9:00 a.m. – 12:00 p.m., La Canada Presbyterian Church