CRESCENTA VALLEY WATER DISTRICT

2700 Foothill Boulevard
La Crescenta, California

Agenda for the
Adjourned Regular Meeting of the Board of Directors
of the Crescenta Valley Water District
to be held on Tuesday, January 23, 2018 at 7:00 p.m.

Posted: January 19, 2018 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

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 Minutes of the Regular Meeting on January 9, 2018.
2. Ratification of Disbursements for December 2017.
3. Consideration of attendance by Director Claessens at the Sustainable Groundwater Planning in California conference February 5-6, 2018 in Los Angeles, CA.

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. **Acceptance of Audited Financial Statements for Fiscal Year 2016-17** – Consideration and motion to accept the audited Financial Statements for Fiscal Year 2016-17.
2. **Discussion on Estimate of Water Demand for FY 2018/19 Budget** – Discussion on the estimated water demand for FY 2018/19 and the next 5-years as part of the FY 2018/19 Budget.

Information Items

Written Communications to District/Board

General Manager's Report

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 – Anticipated Litigation

- Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: One case.

Public Employee Discipline/Dismissal/Release

Public Employee Appointment

Title: General Manager

Board Members' Request for Future Agenda Items

Adjournment

CRESCENTA VALLEY WATER DISTRICT
REGULAR MEETING, BOARD OF DIRECTORS
January 9, 2018

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District, made at the Adjourned Regular Meeting of December 12, 2017, a Regular Meeting was held on January 9, 2018, at 7:00 p.m. at the District office at 2700 Foothill Blvd., La Crescenta, California, with President James D. Bodnar presiding.

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

Directors:	**James D. Bodnar** **Michael L. Claessens** **Kerry D. Erickson** **Kenneth R. Putnam** **Judy L. Tejeda (Arrived 7:03)**
Attorney:	**Roland Trinh**
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**

PLEDGE OF ALLEGIANCE

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

ADOPTION OF AGENDA

It was moved by Director Claessens, seconded by Director Putnam and carried by a 4-0 vote that the Agenda for the Regular Meeting of January 9, 2018 be adopted as presented.

PUBLIC COMMENT – None

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – Mr. Love reported that FMWD currently has a shutdown to replace a valve, but due to the rain, they have had to postpone the replacement. The maximum days for the shutdown should be eight days.

CONSENT CALENDAR

It was moved by Director Claessens, seconded by Director Putnam and carried by a 4-0-1 vote (Bodnar abstain, as he was not at the meeting) to approve the Minutes of the Adjourned Regular Board Meeting held on December 12, 2017.

ACTION CALENDAR

Appeal of a High Water Bill – Mr. Mitchell reported that Michelle Glavan and Joe Nagy were at the December 12, 2017 meeting to appeal the high water bill, and this was tabled until tonight's meeting. The board discussed the appeal for the high water bill, and how the protocol was handled. The Board discussed having a committee meeting to review and update the policy for future protocol on customers high water usage. Mr. Nagy and Ms. Glavan spoke to the Board and presented their case.

Following discussion:

It was moved by Director Claessens, seconded by Director Erickson to adopt staff's recommendation and allow for an amortization schedule for 2 years with no additional credit.

Following further discussion:

It was moved by Director Tejeda, seconded by Director Putnam to amend the original motion to provide an additional $200.00 credit to lower the bill. The motion failed by a 2-3 vote (Bodnar, Claessens, Erickson).

The original motion to adopt the staff's recommendation and allow for an amortization schedule for 2 years with no additional credit was passed by a 3-2 vote (Putnam, Tejeda).

Appeal of a High Water Bill – Mr. Mitchell reported that Mr. Wayne Butts is the owner of the property at 3041 Honolulu Avenue. On the August-September 2017 billing cycle there was high usage of 191,000 gallons (191 units). On October 5, 2017 staff was sent out to do a re-read and check for any leaks which showed no leaks at that time and the water usage reading was correct. On October 6, 2017, staff attempted to do a download of the meter, but was not successful due to problems with the pig tail on the meter. October 10th, a letter was sent to Mr. Butts informing him of the high usage, and that there may be a leak on the property. Mr. Butts notified staff that he had a 4 gpm leak due to a break on his main water line on September 19th and had it repaired on September 20th. Mr. Butts subsequently sent a letter requesting an adjustment, and staff granted him the $300.00 adjustment. Mr. Butts then sent another letter requesting an appeal to the Board. Staff used the methodology approved by the Board that would provide additional credit of $349.70 over the $300.00 given to the account.

Following discussion:

It was moved by Director Claessens, seconded by Director Erickson and carried by a 5-0 vote to follow past practice and grant an additional credit of $349.70, and allow for a 2-year amortization schedule.

Appeal of a High Water Bill – Mr. Mitchell reported that Mr. Richard Hays is a tenant at 4714 Ramsdell. On the August 31, 2017 billing staff discovered that the property had a high usage of 98,000 gallons (98 units). On September 11, 2017 staff was sent out to do a re-read and check for leaks which showed no leaks at that time and the water usage reading was correct. On September 13, 2017 staff did a download of the meter and it showed the consumption usage was between 700-800 gallons per day, and noted a 0.12 gpm leak. On October 23, 2017 staff received a letter saying the landlord repaired that leak and a request for a leak adjustment. A $300.00 adjustment was granted to the customer by staff. On December 28, 2017 staff received another letter requesting an appeal with the Board. Staff used the methodology approved by the Board that would provide additional credit $5.44 over the $300.00 previously given to the account.

Following discussion:

It was moved by Director Claessens, seconded by Director Erickson and carried by a 5-0 vote to grant an additional credit of $5.44 and allow for a 2-year amortization schedule.

Board Meeting Dates – President Bodnar said that he is requiring a unanimous vote for any changes of the Board meetings dates and times, as he does not want any Director to be manipulated in terms with setting up the dates and times. Mr. Love reported that Legal Counsel, Mr. Bunn, has requested the meetings be changed due to another client having meetings on the same days and times. This would be for a six (6) month period. The Board discussed the issue and voted unanimously to change the Board meetings to the second and fourth Tuesday's of the month and keeping the same time.

It was moved by Director Tejeda, seconded by Director Claessens and carried by a 5-0 vote to change the regular meetings to the second and fourth Tuesdays at 7:00 pm through June 30, 2018.

INFORMATION ITEMS – None

WRITTEN COMMUNICATIONS TO DISTRICT – None

REPORTS OF PERSONNEL

GENERAL MANAGER – Mr. Love reported that there are four anniversaries this month: James Lee – 1 year, David Rawlings – 6 years, Dave Spain – 31 years, and Joe Huerta – 32 years. He also said that three employees, Jaysen Ortega, Alex Sandoval and David Gould, received safety awards from ACWA/JPIA. He reported on Engineering and Operations, water supply and demand, rainfall of 2.8", and the Brookhill pipeline replacement project.

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ATTORNEY – Mr. Trinh reported on AB 672 Jones-Sawyer related to utility theft, is not moving forward in 2018. This is good news because this bill would make it harder for utility providers such as water providers to recovers damages in civil suits for utility thefts.

REPORTS OF COMMITTEES

Engineering Committee – Mr. Gould reported that the Committee will meet on January 18, 2018 at 8:30 am.

Finance Committee – Director Tejeda reported that the Committee had not met; however, a meeting will be scheduled as needed.

Employee Relations Committee – Director Putnam reported that the Committee had not met; however, a meeting will be scheduled as needed.

Policy Committee – Director Tejeda reported that the Committee will meet on January 18, 2018 at 10:00 am

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

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

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

DIRECTORS ORAL REPORT

Director Bodnar reported that the State Water Project allocation is set at 15% which is roughly 300,000 acre feet for MWD. Yesterday, he listened to the Water Planning and Stewardship Committee and the most significant thing that came out of the report is that MWD stored 1.2 million acre feet last calendar year. They also reported that they have access to 1.7 million acre feet of supplies to meet the demands for Southern California. There is plenty of water for 2018 and they are planning for 2019.

Director Claessens – No Report

Director Tejeda reported that she has been invited to go to the Energy Water Green Living conference in Coachella Valley Wednesday and Thursday. They waived the cost to attend and one of the issues is regarding the Salton Sea.

Director Putnam – No Report

Director Erickson reported that he had well over 2.5" of rain at his home.

ADJOURNMENT

There being no other business to come before the Board at 8:38 p.m., it was moved by Director Tejeda, seconded by Director Claessens and carried by a 5-0 vote that the meeting be adjourned to January 23, 2018 at 7:00 p.m.

APPROVED

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James D. Bodnar	Ron L. Mitchell
President	Secretary-Treasurer

CASH DISBURSEMENTS LIST
DECEMBER 2017

Check#	Check Date	Payable To	Purpose	Water Amount	Wastewater Amount
Fund: 01 Water					
0	12/5	Los Angeles County Public Works	Permit for 5234 Briggs	1,044.00	
0	12/6	Los Angeles County Public Works	Excavation permit 5857 Freeman	2,270.80	
0	12/11	Los Angeles County Public Works	Excavation permit 2839 Paraiso Way	1,827.00	
0	12/27	Southern California Edison Co.	Power purchased 12/2017	43,196.31	12,057.27
36713	12/4	Christy Joana Scott	Health reimbursement	260.64	173.76
36714	12/5	AES Water, Inc	Seismic maintenance Shields, Edmund #2 & Eagle Cyn Reservoirs	3,100.00	
36715	12/5	Airgas USA, LLC	Miscellaneous welding supplies	82.25	82.25
36716	12/5	AMEC Foster Wheeler Environment	E-957 - Services through 10/2017	25,423.65	
36717	12/5	BC Laboratories, Inc	Water analysis	3,804.75	
36718	12/5	BC Laboratories, Inc	Water analysis	4,636.25	
36719	12/5	California Water Environment	Membership renewal for Rob Wood		180.00
36720	12/5	Cannon	E-956 - Services through 10/31/17	15,432.73	
36721	12/5	City of Glendale	Water system fees	3,459.26	
36722	12/5	City of Glendale Water & Power	Power purchased 11/2017	33,219.63	45.05
36723	12/5	Clifton Larson Allen	Progress billing for audit services through 10/31/17	4,200.00	4,200.00
36724	12/5	Eurofins Eaton Analytical Inc.	Water analysis	78.00	
36725	12/5	First Choice	Coffee service plant & office	210.16	210.14
36726	12/5	John Robinson Consulting, Inc.	E-956 reimbursement for water service at Well 2 from GWP	10,454.00	
36727	12/5	Just Tires, Inc.	New tires for unit #45	1,031.34	343.78
36728	12/5	L.A. County Dept. Public Works	Excavation permit for E-972	123.11	
36729	12/5	Lagerlof, Senecal, Gosney & Kr	Legal services for 10/2017	7,315.00	1,250.00
36730	12/5	Ok Joo Lee	Refund Check	28.51	
36731	12/5	Lincoln Financial Group	Dental - Disability - Life insurance for 12/2017	3,359.69	2,315.95
36732	12/5	Logan Supply Co. Inc	Meter wrenches, pipe cutters, and blue marking paint	579.62	579.61

Check#	Check Date	Payable To	Purpose	Water Amount	Wastewater Amount
36733	12/5	Mitchell Instrument Company, Inc.	Three phase power & energy logger and loop calibrator	1,411.11	1,411.10
36734	12/5	Newegg, Inc.	G5s smartphone, flash drives and memory cards	410.83	136.92
36735	12/5	Office Depot - Credit Plan	Misc supplies 11/2017	553.16	553.15
36736	12/5	Todd Perfito	Refund Check	15.63	
36737	12/5	Reliable Road Service, Inc.	Unit #2 - Repairs to brakes; Unit #52 - repair ignition switch; Unit #18 - Fix hydraulic leak	493.74	164.57
36738	12/5	Royal Industrial Solutions	E-956 - Motor Control Center/Switchboard pre-order for Well #2	98,547.00	
36739	12/5	Alex Sandoval	Reimbursment for Certification D2 renewal	80.00	
36740	12/5	Dara Sisterhen	Refund Check	26.66	
36741	12/5	Spectrum Business	Data communication 11/2017 Office	2,133.38	711.13
36742	12/5	Spectrum Business	Data communication 11/2017 Mills Plant	2,138.40	712.79
36743	12/5	Sully-Miller Contracting Co.	Minimum load charge	24.52	
36744	12/5	Sunbelt Rentals, Inc.	Emergency generator rental for main office	2,254.47	
36745	12/5	Judy Tejeda	ACWA/JPIA Fall Conference reimbursement	396.69	132.23
36746	12/5	The Gas Company	Gas purchased 11/2017 Mills, Plant & Office	113.50	37.82
36747	12/5	Univar USA Inc	330 lbs. chlorine tablets	987.97	
36748	12/5	Vision Service Plan Co-(CA)	Group vision for 12/2017	289.17	192.78
36749	12/5	Waste Management - Sun Valley	Disposal service 12/2017 Plant & Office	781.70	260.56
36750	12/5	Wil-Power Battery &DC Special	12 volt batteries for seismic actuators at reservoirs	987.80	
36751	12/12	ADS, LLC	Monthly sewer monitoring 11/2017		1,060.00
36752	12/12	Airgas USA, LLC	Monthly cylinder rental 11/2017	173.25	173.25
36753	12/12	All American Landscape Co.	Landscape maintenance 12/2017	217.50	72.50
36754	12/12	Allen Pipeline, Inc.	D-17-65, 7 hrs. welding	1,785.00	
36755	12/12	Ameripride Uniform Services, Inc	Uniform rental 11/2017	501.64	167.21
36756	12/12	Anawalt Lumber & Materials Co.	Misc hardware 11/2017	481.85	
36757	12/12	APTwater, LLC	E-956 - Progress payment for treatment facilities at Well 2	156,250.00	
36758	12/12	AT&T	Voice communication 11/2017	169.00	56.33
36759	12/12	Regino Avalos	Tree removal & trimming at Ocean View and Encinal Reservoirs	3,365.00	
36760	12/12	Bonners Equipment Rentals	Misc rentals 11/2017	259.39	27.00
36761	12/12	Burke, Williams, & Sorensen, LLP	Legal services 10/2017	3,186.00	1,062.00
36763	12/12	CCS Interactive, Inc.	Monthly website hosting 12/2017	78.75	26.25

Check#	Check Date	Payable To	Purpose	Water Amount	Wastewater Amount
36764	12/12	Cerdant, Inc.	Newwork security services 12/2017	206.25	68.75
36765	12/12	City of Glendale	Well 16 lease and water purchase 10/2017	39,837.59	
36766	12/12	City of Glendale Fire Dept.	Annual Hazmat permit 12/2017 to 12/2018	1,719.00	
36767	12/12	City of LA Bureau Sanitation	Sewerage facilities charges for Sept/Oct 2017		1,916.59
36768	12/12	Coastline Equipment Co.	Moil point for John Deere backhoe	226.01	226.01
36769	12/12	Colonial Life & Accidents Ins.	Employee paid insurance 11/2017	183.61	
36770	12/12	Core & Main	2 - Flooding meters with eddy valves	1,937.91	
36771	12/12	Dataprose LLC	Postage & printing Control 1-4 11/2017	1,516.04	1,516.04
36772	12/12	Dell Financial Services	Contract for 11/2017	727.71	242.57
36773	12/12	Do-it Center	Misc hardware 11/2017	211.32	20.26
36774	12/12	Empire Fleetwash, LLC	Truck cleaning	236.25	78.75
36775	12/12	Eurofins Eaton Analytical Inc.	Water analysis	1,040.00	
36776	12/12	Eurofins Eaton Analytical Inc.	Water analysis	268.00	
36777	12/12	First Choice	Install new coffee service south side main office	32.83	32.82
36778	12/12	Foothill Car Wash, Lube & Oil	Oil change unit #51	107.55	35.85
36779	12/12	Goodyear Commercial Tire Center	New tires for John Deere backhoe	723.16	241.06
36780	12/12	Grainger	Cargo carrier and kneeling pads	209.05	86.27
36781	12/12	Great America Leasing Corp.	Kyocera copier lease	218.46	218.45
36782	12/12	Gsolutionz Professional Services	Land Line lease	275.54	91.84
36783	12/12	Harper & Associates Eng, Inc	E-970 engineering services through 10/2017	1,530.00	
36784	12/12	Home Depot Credit Services	Misc hardware 11/2017	103.77	32.36
36785	12/12	LJ's Access Systems, Inc.	Preventive maintenance security gates	450.00	150.00
36786	12/12	Logan Supply Co. Inc	Various saw-blades for cutters	427.44	427.43
36787	12/12	Northern Tool & Equip Co.	Air angle grinder and abrasive materials for paint removal	168.97	62.49
36788	12/12	O'Reilly Auto Parts	Misc supplies 11/2017	268.60	89.54
36789	12/12	Orchard Supply Hardware	Misc hardware 11/2017	657.83	521.73
36790	12/12	Jaysen Ortega	Reimbursement for work boots	118.54	39.51
36791	12/12	Paper Cuts, Inc	Monthly paper shredding 11/2017	26.88	26.87
36792	12/12	Plumbers Depot Inc	Repairs to the sewer camera		681.83
36793	12/12	PMC Engineering LLC	Submersible level transmitter, filters, and desiccant modules	1,611.14	
36794	12/12	Ramco	Bobtail loads 11/2017	600.00	

Check#	Check Date	Payable To	Purpose	Water Amount	Wastewater Amount
36795	12/12	Simpler Systems	Monthly maintenance 12/2017	375.00	125.00
36796	12/12	Star Brite Bldg. Maintenance Inc	Janitorial services for 12/2017	618.75	206.25
36797	12/12	Still Mor Automotive Inc.	Unit #9 - Repair & replace pressure hose	274.07	91.36
36798	12/12	Talley Inc.	Braided flexible cable and crimp hex/knurled nut	153.06	
36799	12/12	Underground Service Alert/SC	Underground notifications 11/2017	195.60	65.20
36800	12/12	Univar USA Inc	1808 gals bleach Mills/Glenwood	3,214.33	
36801	12/12	Water Wise Consulting, Inc	Water Audit 2455 Kemper Avenue	175.00	
36802	12/12	Wells Tapping Services, Inc.	6" Hot tap at fire hydrant @ Rosemont	400.00	
36803	12/12	Western Water Works	Fire hydrant adapters, meter adapters, couplings, nipples, pipe, elbows for stock	6,869.04	
36804	12/22	Ameripride Uniform Services, Inc	Uniform rentals	904.83	301.61
36805	12/22	AT&T Mobility	Cell phone service 11/08 to 12/07/17	161.84	53.94
36806	12/22	California Building Evaluations	E-956 - Services through 11/2017 at Well 2	85,500.00	
36807	12/22	Foothill Municipal Water	Water delivery 11/2017	256,504.96	
36808	12/22	Haaker Equipment Company	Remtron transmitter		1,405.94
36809	12/22	J. De Sigio Construction, Inc	Remove & replace 2 water service laterals on Ocean View	12,053.00	
36810	12/22	Bryan Jones	Reimbursement for main leak dinner and tools	149.24	91.78
36811	12/22	Robertson's	Concrete for protection posts at Glenwood	848.63	
36812	12/22	Shell	Gas purchased 12/2017	1,461.61	487.20
36813	12/22	Spectrum Business	Data communication for Glenwood	209.94	70.00
36814	12/22	Univar USA Inc	1,254 gallons of liquid bleach for Mills and Glenwood	2,229.41	
36815	12/22	UPS	Shipping charges	52.07	52.05
36816	12/22	Utility Services Associates, LLC	Cost for leak detection services	1,809.08	
36817	12/22	Wells Fargo Card Services	Gould: National Groundwater Summit (hotel, trans., & meals)	311.21	103.74
36818	12/22	Wells Fargo Card Services	Hass: Monthly recurring charges, software, computer hardware, cell phone supplies	2,588.47	301.68
36819	12/22	Wells Fargo Card Services	Tom Love: Board meeting dinner	38.90	12.96
36820	12/22	Wells Fargo Card Services	Maxwell: Detail Unit #38, safety supplies, sandbags, refreshments for trench shoring class, Cal OSHA pocket guide	756.30	252.07
36821	12/22	Wells Fargo Card Services	Mitchell: CUEMA Conf. -(meals, parking), Board meeting dinner, lunch	506.19	168.73
36822	12/22	Wells Fargo Card Services	Scott: Expenses reimbursed by employee	1,226.01	

Check#	Check Date	Payable To	Purpose	Water Amount	Wastewater Amount
36823	12/22	Wells Tapping Services, Inc.	Holt tap cost 4"-D17-64 Piedmont	400.00	
36824	12/28	David Gould	Health reimbursement	69.60	46.40
36825	12/28	Dennis A. Maxwell, Jr	Health reimbursement	329.91	219.94
			Subtotals	$ 879,275.31	$ 39,258.27
			Total Disbursements for December 2017		$ 918,533.58

Payroll Report for December 2017

Directors	$ 630.00
Office Regular Payroll	$ 120,965.00
Office OT	$ 1,388.00
Plant Regular Payroll	$ 112,351.00
Plant OT & Standby	$ 12,862.00
Employer Payroll Taxes	$ 16,015.00
Payroll Service Charges	$ 377.00
Total Payroll	$ 264,588.00

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- Center for Collaborative Policy
- EKI Environment and Water, Inc.
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A Comprehensive Conference on the Next Phase for

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February 5 & 6, 2018

Live webcast and replays available!

Los Angeles, California

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Credits: CA 11.75 MCLE | AICP 11.50 (call about others)

Quick when/where: 8:30 a.m., 120 South Los Angeles Street

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Yes! Please register me:

Name: ______________________

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Register my colleague:

Name: ______________________

Email: ______________________

What type of credits do you need? ______________________

For which state(s)? ______________________

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Phone: __________ Fax: __________

If you cannot attend in person, check boxes to order:

☐ Live Homestudy Webcast ☐ Homestudy Replay ☐ Course Materials

8:00 Registration Opens

8:30 Introduction & Overview

Scott A. Morris, Esq., *Program Co-Chair*
Kronick Moskovitz Tiedemann & Girard ~ Sacramento, CA

8:45 Overview of Next Steps for Development of Groundwater Sustainability Plans (GSPs)

Process for filing the notice of preparation; developing your punch card for required elements of a GSP; essential terms for coordination agreements for multiple agencies in basin doing multiple plans

Deborah A. Wordham, Esq., *Program Co-Chair*
Best Best & Krieger LLP ~ Los Angeles, CA

9:15 Basin Coordination

Legal and practical perspectives on coordination challenges and issues (a) within a groundwater basin; (b) with adjacent basins, and (c) when an adjacent basin is on the critical list and yours is not; essential terms for coordinating agreements

Valerie C. Kincaid, Esq.
O'Laughlin & Paris LLP ~ Sacramento, CA

Eric L. Averett, *General Manager*
Rosedale-Rio Bravo Water Storage District ~ Bakersfield, CA

10:30 Break

10:45 Creative Augmentation of Supplies as Possible Plan Elements

Update on the viability of recycled water, stormwater capture, and artificial recharge projects as options; tips for effective collaboration between Groundwater Sustainabilty Agencies (GSAs) for these projects

Jeff Barry, *Principal Hydrogeologist*
GSI Water Solutions Inc ~ Santa Barbara, CA

Aquifer Storage & Recovery case study: The Davis-Woodland Water Supply Project

Kenneth L. Loy, *Principal Hydrogeologist*
West Yost Associates ~ Davis, CA

12:00 Lunch (on your own)

1:15 Preparing to Address the Primary Technical Issues in Development of Plans: Ground Water Modeling

A detailed look at current models including their strengths and weaknesses

Jay R. Lund, Ph.D., *Director*
UC Davis Center for Watershed Sciences ~ Walnut Creek, CA

Cross-boundary flows between hydraulically connected sub-basins and how sustainable yield of each sub-basin will be impacted; how GSAs can make sure existing inflows/outflows are established and maintained

Vera H. Nelson, PE, *Vice President*
EKI Environment and Water, Inc. ~ Burlingame, CA

2:45 Break

3:00 Ensuring Sustainability as an End Goal

Technical and strategic considerations for defining sustainability in your GSP; monitoring wells and other options for demonstrating that you have achieved that standard

Anona L. Dutton, PG, CHg, *Vice President*
EKI Environment and Water, Inc. ~ Burlingame, CA

Progress towards legally sufficient sustainable yield determinations; water transfers options for getting water into the basin work; potential water rights issues with options like recycling programs

Steve M Anderson, Esq.
Best Best & Krieger LLP ~ Riverside, CA

4:15 Preparing for Effective Decisionmaking: Governance Issues

Voting by landmass vs. one entity one vote; issues regarding who has jurisdiction over whom; equal protection issues

Ernest A. Conant, Esq.
Young Wooldridge LLP ~ Bakersfield, CA

5:00 Continue the Exchange of Ideas: Reception for Faculty and Attendees

Sponsored by Best Best & Krieger LLP and Kronick Moskovitz Tiedemann & Girard

About the Conference

LAW SEMINARS INTERNATIONAL

What previous attendees have said:

"Excellent and informative program. I really enjoyed the program."

"Great seminar overall."

"Very helpful and relevant information throughout."

"Well organized. Well presented."

This installment in our series on implementation of California's Sustainable Groundwater Management Act (SGMA) focuses on developing Groundwater Sustainability Plans (GSPs). We'll start with a brief overview of the next steps and then do a deep dive into the legal and technical details for plan development.

There is a combination of legal and technical issues for all aspects of plan development. We interweave both throughout the program. Our speakers will go beyond identifying challenges to outlining the possible solutions and offering tips for picking the best solution for specific situations. You'll end up with information and tools that you can put to work as soon as you return to the office.

We encourage you to take a careful look at the topics and speaker credentials. We think you'll find the former to be very relevant to the issues that people involved with developing GSPs will need to resolve and the latter to be very well qualified to offer advice.

Our last panel addresses the critical issue of financing options for cost recovery under Propositions 26 and 218. We hope you will join us for this very timely and informative conference.

~ Program Co-Chairs: Scott A. Morris, Esq. of Kronick Moskovitz Tiedemann & Girard and Deborah A. Wordham, Esq. of Best Best & Krieger LLP

8:30 **Governance (cont'd)**

Practical aspects of working out governance issues among GSAs and their constituents

Marcelle E. DuPraw, Ph.D., *Managing Senior Mediator & Facilitator*
Center for Collaborative Policy ~ Sacramento, CA

9:00 **Stakeholder Outreach Processes for GSP Development**

Applying theory to practice: Legal and practical perspectives on identifying constituents and key stakeholders; due process issues

Jeremy N. Jungreis, Esq.
Rutan & Tucker LLP ~ Costa Mesa, CA

Dave Ceppos, *Associate Director & SGMA Program Manager*
Center for Collaborative Policy ~ Sacramento, CA

10:00 **Break**

10:15 **Working with Tribes as Sovereigns as Opposed to Stakeholders**

Legal parameters, including requirements for Tribal consultation

Holly Anne Roberson, Esq.
Kronick Moskovitz Tiedemann & Girard ~ Sacramento, CA

Nicole Kuenzi, Esq., *Staff Counsel*
State Water Resources Control Board ~ Sacramento, CA

Practical tips for working with Tribes as governing bodies

Anecita Agustinez, *Tribal Policy Advisor*
California Department of Water Resources ~ Sacramento, CA

12:15 **Lunch (on your own)**

1:30 **Financing Options and Strategies for GSP Development**

Initial plan development: Perspectives on whether it is possible, or desirable to try to structure initial planning to avoid falling under Proposition 218; anticipating rate setting issues under Propositions 26 and 218

Constantine C. Baranoff, Esq,
Kronick Moskovitz Tiedemann & Girard ~ Sacramento, CA

Lutfi Z. Kharuf, Esq.
Best Best & Krieger LLP ~ Los Angeles, CA

3:00 **Evaluations and Adjourn**

Related Seminars & Webcast Replays:

Tribal NRD Assessments	December 4, 2017	Seattle, WA
Natural Resource Damages	March 1-2, 2018	Washington, DC
Tribal Water in the Southwest	March 8-9, 2018	Laveen, AZ
Public Records Act Litigation	June 22, 2018	Walnut Creek, CA

See more at **www.lawseminars.com**

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Registration is complete when we receive payment or agree to later payment.

Tuition: Regular tuition for in person or webcast attendance for this program is $895 with a group rate of $805 each for two or more registrants from the same firm. For government employees and Tribal members, we offer a special rate of $670. For students, people in their job for less than a year, and public interest NGO's, our rate is $447.50. All rates include admission to all seminar sessions, food and beverages at breaks, and all course materials. Materials will be available for download and review a few days before the seminar. Make checks payable to Law Seminars International. Financial aid is available to those who qualify. Contact our office for more information.

Substitution & Cancellation: You may substitute another person at any time. We will refund tuition, less a $50 cancellation fee, if we receive your cancellation by 5:00 p.m. on Tuesday, January 30, 2018. After that time, we will credit your tuition toward attendance at another program or the purchase of a webcast or audio replay.

Seminar Location: The conference will be held at the DoubleTree by Hilton Los Angeles Downtown at 120 South Los Angeles Street in Los Angeles, CA 90012. Call the hotel directly at (213) 629-1200 for reservations or use your favorite hotel booking site.

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Time Shift Your Content: Webcast and audio replays, with course materials, are available for $895. The course materials alone are available for $100. Replays will be available within three business days after the seminar or from the date we receive payment.

Faculty: Sustainable Groundwater Planning Conference

Scott A. Morris, *Program Co-Chair*, is a shareholder, at Kronick Moskovitz Tiedemann & Girard. His practice focuses on natural resources, land use, and water law including water rights and water transfers.

Deborah A. Wordham, *Program Co-Chair*, is of counsel at Best Best & Krieger LLP. She focuses on water rights, water quality, and water resources. Previously, she was a Deputy Attorney General with the California Attorney General's office.

Anecita Agustinez, a Tribal citizen of the Dine (Navajo) Nation, is Tribal Policy Advisor for The California Department of Water Resources. She previously served as the Native American Liaison and Manager of the Office of Legislative and External Affairs and the Office of Health Access at the Department of Health Care Services.

Steve M. Anderson is a partner at Best Best & Krieger LLP. He works on water supply, water quality, endangered species, environmental mitigation, conservation easements and other natural resource law matters.

Eric L. Averett is the General Manager of the Rosedale-Rio Bravo Water Storage District.

Constantine C. Baranoff is a shareholder at Kronick Moskovitz Tiedemann & Girard. He represents municipal clients, including cities, special districts, school districts and other local government entities, in public finance/bond counsel work and public work facility and construction matters.

Jeff Barry is founding principal of GSI Water Solutions Inc and heads the Santa Barbara office. With more than 30 years of experience conducting hydrogeologic and groundwater resource development projects, he helps clients assess and develop groundwater supplies and establish strategies for sustainable groundwater management.

Dave Ceppos is Associate Director & SGMA Program Manager for the Center for Collaborative Policy, a program of the California State University at Sacramento. He is experienced in watershed and natural resource planning, ecological assessment, hydrology, flood risk reduction planning, hazardous waste management, and habitat restoration.

Ernest A. Conant is a partner at Young Wooldridge LLP. He assisted with development of the Semitropic and Arvin-Edison Water Storage Districts water banking programs, which temporarily stored water for agencies throughout the state.

Marcelle E. DuPraw, Ph.D., is Managing Senior Mediator & Facilitator for the Center for Collaborative Policy. She has provided consensus-building assistance for a wide range of issues, including cultural resource protection; landscape-scale ecosystem restoration; climate change; water quality and quantity; watershed management and restoration; and river management and flow restoration.

Anona L. Dutton, Vice President, EKI Environment and Water, Inc., manages efforts to secure and manage reliable water supplies for water agencies and developers. This includes technical efforts to minimize the water footprint of new and existing development, assessing groundwater and surface water supply yields, installing groundwater wells, securing water transfer options, and supporting strategic SGMA implementation.

Jeremy N. Jungreis, is a partner in the Government and Regulatory group of Rutan & Tucker LLP. He focuses on the development of local water supplies including resource strategies, water supply development, water rights, permitting, planning/coalition building, and governmental relations.

Lutfi Kharuf, is a member of the Special Districts and Public Finance practice groups at Best Best & Krieger LLP. She works with clients on compliance with Propositions 218 and 26, rate setting, and issuing bonds.

Valerie C. Kincaid, is a partner at O'Laughlin & Paris LLP, where she focuses her practice on water law, and handles environmental law issues related to the use of water resources. This includes state and federal endangered species law, habitat conservation planning, public trust issues, and state and federal environmental regulations.

Nicole Kuenzi is a Staff Counsel with the State Water Resources Control Board, where she advises the Division of Water Rights and the Board's Groundwater Management Unit.

Kenneth L. Loy is a Principal Hydrogeologist and Project Manager for West Yost Associates. He works for municipal, agency and industry clients on ASR wells; well evaluation and rehabilitation; water master planning; groundwater management planning; EIS/EIR technical support; litigation support; water and wastewater regulatory compliance; and preparation of grant applications.

Jay R. Lund' Ph.D., is is Director of the UC Davis Center for Watershed Sciences. He researches systems analysis in water resources and environment planning and management.

Vera H. Nelson, PE, is Vice President at EKI Environment and Water, Inc., where she performs hydrogeological studies, water resource evaluations, and provides litigation support services. She has worked for over 30 years on issues related to groundwater quality and sustainability that currently govern Sustainable Groundwater Management Act (SGMA) requirements being implemented throughout California.

Holly Anne Roberson served as Land Use Counsel at the Governor's Office of Planning and Research (OPR) before joining Kronick Moskovitz Tiedemann & Girard. At OPR, she worked on Tribal cultural resources; the California Environmental Quality Act (CEQA), drought issues, and the Sustainable Groundwater Management Act.

February 5 & 6, 2018
Los Angeles, California

DoubleTree by Hilton Los Angeles Downtown
120 South Los Angeles Street
(213) 629-1200

Who Should Attend:

Attorneys, environmental, real estate and agricultural professionals, corporate managers, governmental officials, Tribal representatives, resource managers, planners and landowners

Our Co-Chairs:

Scott A. Morris, Esq.
Kronick Moskovitz Tiedemann & Girard

Deborah A. Wordham, Esq.
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CRESCENTA VALLEY WATER DISTRICT
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
January 23, 2018

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 2016-17** – Consideration and motion to accept the Audited Financial Statements for Fiscal Year 2016-17.

BACKGROUND:

The Finance Committee met with staff and the District's auditor, Ms. Leslie Ward of Clifton Larson Allen (CLA) (formerly Vicenti Lloyd & Stutzman) on December 20, 2017 to review the draft statements for FY 2016-17 which have been provided to the Board for review. She discussed the first draft of the financial statements for FY 2016-17 and informed the Committee of the process that was used to perform the audit and said that no major weaknesses were found in the District's internal controls. Ms. Ward said that in their opinion, the financial statements present fairly, in all material respects, the financial position of the District.

Ms. Ward did inform the Committee that they are aware that some information needs to be updated in the report, such as the information on the Board of Directors, and that District staff still needs to update the Management Discussion and Analysis (MD&A) section of the report. She said that the tables in the MD&A section are accurate, but the text is what staff needs to update before the final report is issued. These items have been provided to CLA and are included in this final draft Financial Statement.

Ms. Ward 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 2016-17.

Prepared by:

____
Ron L. Mitchell, Secretary-Treasurer

Submitted by:

____
Thomas A. Love, General Manager

CliftonLarsonAllen LLP
CLAconnect.com

Board of Directors
Crescenta Valley Water District
La Crescenta, California

We have audited the financial statements of the Crescenta Valley Water District (the District) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 20, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting policies

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

No new accounting policies were adopted and the application of existing policies was not changed during 2016-17.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of its capital assets and the related period of depreciation which is based on historic knowledge of the assets and the frequency with which capital assets must be replaced;

- Management's estimate of the fair value of investments based upon relevant information about similar investments held in managed portfolios and used to determine the probable market value of the investments;

- Management's estimate of pension liabilities and postemployment benefits based upon actuarial assumptions; and

- Management's estimate of unbilled revenues which is based on the revenue cycle of the water system and expected usage of water using historic information.

We evaluated the key factors and assumptions used to develop the sensitive accounting estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

The following material misstatement detected as a result of audit procedures was corrected by management:

- Record current year fair value adjustment to properly report investments at their fair value as of June 30, 2017. This resulted in an increase to net position of $77,852.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2017.

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 application of an accounting principle to the entity's financial statements or a determination of the type of auditors' 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.

Significant Issues Discussed With Management Prior To Engagement

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

Other Audit Findings or Issues

Audit standards require that we communicate to you any internal control related matters and any other audit findings or issues that are, in our professional judgment, significant and relevant to those charged with governance in overseeing the financial reporting process. We have discussed this matter with management are communicating this finding to you.

We noted during our audit procedures that there was no systematic method to ensure complete monthly closing procedures take place and reconciliations are performed. A lack of specific closing procedures and multiple accounts that are not regularly reconciled may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities including fraud, to exist and continue without notice. We noted that there are no formal procedures for monthly close activities or regular account reconciliations for multiple accounts. Specifically, the accounts receivable balance, and the accounts payable balance were not reconciled to the general ledger. In addition, the detailed fixed asset listing was not reconciled to the general ledger.

We discussed this with management and recommended that the District establish a system of consistent monthly reconciliations and closing procedures in order to provide more accurate financial statements. In addition, we recommended that the District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. Management has begun implementing a monthly close procedure which includes a monthly close schedule and checklist and monthly reconciliations of all accounts.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI.

We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 20, 2017.

This communication is intended solely for the information and use of the Board of Directors and management of Crescenta Valley Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP
Glendora, California
December 20, 2017

CRESCENTA VALLEY WATER DISTRICT

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For the Fiscal Years Ended June 30, 2017 and 2016

Mission Statement

The mission of the Crescenta Valley Water District is to provide quality water and wastewater services to the Crescenta Valley community in a dependable and economically responsible manner.

Board of Directors as of June 30, 2017

Name	Title	Elected/ Appointed	Current Term
James D. Bodnar	President	Elected	December 2018
Michael L. Claessens	Vice President	Elected	December 2020
Kerry D. Erickson	Director	Elected	December 2018
Kenneth R. Putnam	Director	Elected	December 2018
Judy L. Tejeda	Director	Elected	December 2020

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

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June 30, 2017 and 2016

Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced

INTRODUCTORY SECTION

Crescenta Valley Water District

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

December 20, 2017
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, 2017 and June 30, 2016, 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 (US GAAP) require that management provide a section including a narrative introduction, an overview and an analysis to accompany the financial statements. This section is the Management's Discussion and Analysis (MD&A). 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 33 employees. The District's Board of Directors' regularly scheduled meetings are 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 33,000.

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 parcels in La Crescenta as they become available.

California's water supply continues to be a concern due to population increases and continued recovery from recent drought conditions. This concern, in addition to State-mandated reductions, has increased interest in conservation and in irrigation methods and systems. These trends are expected to shift long-term water demand toward less consumption.

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 quality water and wastewater services to the Crescenta Valley community in a dependable and economically responsible manner."

Crescenta Valley Water District works to provide a stable supply of high quality safe drinking at a fair price to all customers of the District. In addition, the District aims 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; and

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 ensures 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 US GAAP. 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 and the financial statement basis of accounting.

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 objectives of the Investment Policy are safety, liquidity and yield.

Water and Sewer Rates and District Revenues

It is District policy 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 annually. Water and wastewater rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water and wastewater rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge to all residential dwelling units.

Water Conservation Programs

The District has implemented conservation management practices. District staff participates in community events and distributes 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 CliftonLarsonAllen LLP, has conducted the audit for 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 program. The property program includes Fidelity Coverage, Cyber Security 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 for their continued support in the planning and implementation of the Crescenta Valley Water District's fiscal policies.

FINANCIAL SECTION

INDEPENDENT AUDITORS' 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 year ended June 30, 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 District'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 District'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.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Crescenta Valley Water District
La Crescenta, California

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2017 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The financial statements of the District as of June 30, 2016 were audited by other auditors whose report dated December 6, 2016, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates

INDEPENDENT AUDITORS' REPORT

Board of Directors
Crescenta Valley Water District
La Crescenta, California

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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 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 solely 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 the effectiveness of the District's 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.

CliftonLarsonAllen LLP
Glendora, California
December 20, 2017

CRESCENTA VALLEY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2017 and 2016

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, 2017. 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 2.40%, or $1,104,232 to $44,989,952 in fiscal year 2017, primarily due to a decrease from operations. In 2016, the District's net position decreased 1.89%, or $861,408 to $46,094,184, primarily due to a decrease from operations. See note 13 for further information.
- The District's operating revenues increased 11.55% or 1,317,863, in fiscal year 2017. In 2016, the District's operating revenues decreased 5.82% or $704,858.
- The District's operating expenses increased 3.00%, or $402,116, in fiscal year 2017. In 2016, the District's operating expenses increased 0.62%, or $82,342.

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 revenues 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 creditworthiness. 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 the source of cash, the use of it, and 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 outflows, 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.

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 beginning on page 17.

Statements of Net Position

Condensed Statement of Net Position

	2017	2016	Change
Assets:			
Current assets	$ 5,200,496	$ 12,869,933	$ (7,669,437)
Non-Current Assets	12,163,725	5,624,931	6,538,794
Capital assets, net	45,701,698	45,120,528	581,170
Total assets	63,065,919	63,615,392	(549,473)
Deferred outflow of resources:	965,543	327,407	638,136
Liabilities:			
Current liabilities	2,130,001	1,869,198	260,803
Non-current liabilities	18,667,337	15,429,452	3,237,885
Total liabilities	20,797,338	17,298,650	3,498,688
Deferred inflow of resources:	374,173	549,965	(175,792)
Net position:			
Net investment in capital assets	36,753,114	35,874,859	878,255
Restricted	617,361	617,109	252
Unrestricted	7,619,477	9,602,216	(1,982,739)
	$ 44,989,952	$ 46,094,184	$ (1,104,232)

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 $44,989,952 and $46,094,184 as of June 30, 2017 and 2016, respectively.

By far, the largest portion of the District's net position (82% and 78% as of June 30, 2017 and 2016, 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.

At the end of fiscal year 2017 and 2016, the District showed a positive balance in its unrestricted net position of $7,619,477 and $9,602,216, respectively. See note 10 for the amount of spendable net position that may be utilized in future years.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2017	2016	Change
Revenues:			
Operating revenues	$ 12,725,943	$ 11,408,080	$ 1,317,863
Non-operating revenues	33,325	670,584	(637,259)
Total revenues	12,759,268	12,078,664	680,604
Expenses:			
Operating expenses	13,784,958	13,382,842	402,116
Non-operating expenses	549,887	368,022	181,865
Total Expenses	14,334,845	13,750,864	583,981
Net income before capital contributions	(1,575,577)	(1,672,200)	96,623
Capital Contributions	471,345	810,792	(339,447)
Change in net position	(1,104,232)	(861,408)	(242,824)
Net position-beginning of year	46,094,184	46,955,592	(861,408)
Net Position-end of year	$ 44,989,952	$ 46,094,184	$ (1,104,232)

The Statements of Revenues, Expenses and Changes in Net Position show how the District's net position changed during the reported fiscal years. In the case of the District, net position in fiscal year 2017 decreased 2.40%, or $1,104,232 to $44,989,952, due to a decrease from operations. In fiscal year 2016, net position decreased 1.89%, or $861,408 to $46,094,184, due to a decrease from operations.

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

In 2017, the District's total revenues increased by 5.63%, or $680,604. This was primarily due to an increase in water demand with the tapering off of the recent multi-year drought, translating to increased water consumption sales by $797,797. Continued economic growth also contributed to increased development activity, which accounts for the majority of the $331,494 increase in water operations from other charges. Total revenue was tempered in part by a decrease of $107,837 in wastewater operations revenue and a decrease in investment earnings.

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. Operating revenues had decreased primarily 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 2017, the District's total expenses increased by $583,981, or 4.25%. The was driven in large part by the increase in water demand which in turn led to increased water supply costs in the

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

amount of $645,618. Other increases were attributable to general inflationary pressures, particularly the cost of health care premiums. Wastewater system and collection expenses decreased by $505,853.

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 2017, non-operating expenses increased by 49.42%, or $181,865, primarily due to a decrease in investment earnings that did not interest expense on long-term debt.

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

In 2017, capital contributions decreased by 41.87%, or $339,447, primarily due to a timing difference between when payments from capital grants were expected and received.

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.

Capital Asset Administration

At the end of fiscal years 2017 and 2016, the District's investment in capital assets amounted to $45,701,698 and $45,120,528, 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 amount for 2017 are as follows:

	Balance 2016	Additions/ Transfers	Deletions / Transfers	Balance 2017
Capital assets:				
Non-depreciable assets	$ 3,353,249	$ 1,865,413	$ -	$ 5,218,662
Depreciable assets	81,552,260	422,673	(19,679)	81,955,254
Accumulated depreciation	(39,784,981)	(1,706,916)	19,679	(41,472,218)
Total capital assets, net	$ 45,120,528	$ 581,170	$ -	$ 45,701,698

Capital Asset Administration, continued

Changes in capital asset amount for 2016 are as follows:

	Balance 2015	Additions/ Transfers	Deletions / Transfers	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

Debt Administration

Changes in long-term debt amounts at 2017 are as follows:

	Balance 2016	Additions/ Transfers	Payments/ Discount Amoritization	Balance 2017
Long-term debt:				
Total bonds payable	$ 7,916,083	$ -	$ (256,073)	$ 7,660,010
Total loans payable	1,023,574	-	(51,012)	972,562
Total long-term debt	$ 8,939,657	$ -	$ (307,085)	$ 8,632,572

Changes in long-term debt amounts at 2016 are as follows:

	Balance 2015	Additions/ Transfers	Payments/ Discount Amoritization	Balance 2016
Long-term debt:				
Total bonds payable	$ 8,171,083	-	$ (255,000)	$ 7,916,083
Total loans payable	1,074,586	-	(51,012)	1,023,574
Total long-term debt	$ 9,245,669	$ -	$ (306,012)	$ 8,939,657

(See note 7 for further discussion)

Conditions Affecting Current Financial Position

Management is unaware of any conditions at June 30, 2017, 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, at 2700 Foothill Blvd., La Crescenta, California, 91214.

BASIC FINANCIAL STATEMENTS

CRESCENTA VALLEY WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents (note 2)	$ 2,537,868	$ 10,326,577
Accrued interest receivable	77,447	29,957
Accounts receivable- water and wastewater, net (note 3)	2,175,771	1,962,565
Accounts receivable- local grant	-	133,270
Accounts receivable- other	8,269	2,520
Material and supplies inventory	356,671	370,451
Prepaid expenses and other deposits	44,470	44,593
Total Current Assets	5,200,496	12,869,933
Non-current assets:		
Investments (note 2)	11,546,364	5,007,822
Investments- restricted (note 2)	617,361	617,109
Capital assets- not being depreciated (note 4)	5,218,662	3,353,249
Depreciable capital assets (note 4)	40,483,036	41,767,279
Total Non-Current Assets	57,865,423	50,745,459
Total Assets	63,065,919	63,615,392
Deferred outflows of resources:		
Deferred pension outflows (note 8)	965,543	327,407
Total Deferred Outflows of Resources	965,543	327,407
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	1,173,800	1,150,149
Accrued wages and related payables	154,905	44,499
Customer deposits	374,202	259,847
Accrued interest expense	29,070	29,920
Long-term liabilities- due within one year:		
Compensated absences (note 5)	82,012	78,771
Certificates of participation (note 6)	265,000	255,000
Loan payable (note 6)	51,012	51,012
Total Current Liabilities	2,130,001	1,869,198
Non-current liabilities:		
Long-term liabilities- due in more than one year:		
Compensated absences (note 5)	246,035	236,313
Certificates of participation (note 6)	7,660,010	7,916,083
Loan payable (note 6)	972,562	1,023,574
Other post employment benefits payable (note 7)	4,294,484	3,741,462
Net pension liability (note 8)	3,364,245	2,512,020
Total Noncurrent Liabilities	16,537,336	15,429,452
Total Liabilities	18,667,337	17,298,650
Deferred inflows of resources:		
Deferred pension inflows (note 8)	374,173	549,965
Total Deferred Inflows of Resources	374,173	549,965
Net position: (note 10)		
Net investment in capital assets	36,753,114	35,874,859
Restricted for debt service	617,361	617,109
Unrestricted	7,619,477	9,602,216
Total Net Position	$ 44,989,952	$ 46,094,184

See independent auditors' report and accompanying notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Operating revenues:		
Water operations- consumption sales	$ 6,540,242	$ 5,742,445
Water operations- service charge	2,245,629	1,949,220
Water operations- other charges	772,050	440,556
Wastewater operations- user and standby charges	3,168,022	3,275,859
Total operating revenues	12,725,943	11,408,080
Operating expenses:		
Source of supply	3,149,245	2,503,627
Plant operations	2,175,501	1,928,943
Distribution system	1,127,201	1,275,372
City of Los Angeles wastewater system	950,537	1,362,190
Collection system	212,842	307,042
General and administrative expenses	4,462,717	4,147,556
Total operating expenses before depreciation	12,078,043	11,524,730
Operating income before depreciation	647,900	(116,650)
Depreciation expense	(1,706,915)	(1,858,112)
Operating loss	(1,059,015)	(1,974,762)
Non-operating revenues(expenses):		
Investment earnings	(109,432)	635,271
Gain(loss) on sale of capital assets	1,174	6,901
Interest expense	(358,188)	(368,022)
Rental income	32,151	28,351
Other income(expense), net	(82,267)	61
Total non-operating (loss), net	(516,562)	302,562
Net (loss) before capital contributions	(1,575,577)	(1,672,200)
Capital contributions:		
Capital grants- state	359,759	574,983
Capital grants- local	-	214,346
Assessments	111,586	21,463
Total capital contributions	471,345	810,792
Change in net position	(1,104,232)	(861,408)
Net position- beginning of year	46,094,184	46,955,592
Net position- end of year	$ 44,989,952	$ 46,094,184

See independent auditors' report and accompanying notes to the financial statements.

CRESCENTA VALLEY WATER DISTRICT

STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	$ 12,754,613	$ 11,392,617
Cash paid to employees for salaries and wages	(2,281,280)	(2,864,572)
Cash paid to vendors and suppliers for materials and services	(9,044,521)	(8,850,714)
Net cash provided (used) by operating activities	1,428,812	(322,669)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,288,085)	(4,157,726)
Proceeds from grant funding	359,759	656,059
Proceeds from property owner assessments	111,586	21,463
Proceeds from loans	-	1,091,590
Principal paid on long-term debt	(297,085)	(262,004)
Interest paid on long-term debt	(358,188)	(338,102)
Net cash used in capital and related financing activities	(2,472,013)	(2,988,720)
Cash flows from investing activities:		
Purchases of investments	(11,576,196)	(3,750,000)
Proceeds from sale of investments	4,542,541	13,406,547
Interest earnings	288,147	234,281
Net cash provided (used) by investing activities	(6,745,508)	9,890,828
Net increase (decrease) in cash and cash equivalents	(7,788,709)	6,579,439
Cash and cash equivalents, beginning of year	10,326,577	3,747,138
Cash and cash equivalents, end of year	$ 2,537,868	$ 10,326,577

See independent auditors' report and accompanying notes to the financial statements.

CRESCENTA VALLEY WATER DISTRICT

STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating loss	$ (1,059,015)	$ (1,974,762)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,706,915	1,858,112
Non-operating, net		32,437
Changes in operating assets and liabilities		
Accounts receivable- water and wastewater, net	(213,206)	(66,142)
Accounts receivable- local grant	133,270	(133,270)
Accounts receivable- other	(5,749)	50,679
Material and supplies inventory	13,780	(59,813)
Prepaid expenses and other assets	123	(5,114)
(Increase) Decrease in Deferred outflows	(638,136)	7,882
Accounts payable and accrued expenses	23,651	367,978
Accrued wages and related payables	110,406	12,134
Customer deposits	114,355	21,700
Compensated absences	12,963	1,137
Other post-employment benefits payable	553,022	618,630
Net pension liability	852,225	(788,047)
Increase in deferred inflows of resources	(175,792)	(266,210)
Total adjustments	2,487,827	1,652,093
Net cash provided (used) by operating activities	$ 1,428,812	$ (322,669)

See independent auditors' report and accompanying notes to the financial statements.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 serve overlapping four-year terms.

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 to its service areas on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. 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 deliveries 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 expense 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.

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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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

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 deferred outflows of resources related to pensions resulted from the District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans, the effect of changes in

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

proportion, and the difference between expected and actual experience. The deferred outflows-pensions will be deferred and amortized as detailed in Note 8 to the financial statements.

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.

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.

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 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 deferred inflows of resources related to pensions results from the difference between the estimated and actual return on pension plan investments, the effect of changes in proportion and changes in assumptions, and the difference between expected and actual experience. These amounts are deferred and amortized as detailed in Note 8 to the financial statements.

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

NOTE 1: <u>REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

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.

Deposit Connection Fees

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

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.

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.

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.

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

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 2: CASH AND INVESTMENTS

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

	2017	2016
Cash and cash equivalents	$ 2,537,868	$ 10,326,577
Investments	11,546,364	5,007,822
Investments- restricted	617,361	617,109
Total cash and investments	$ 14,701,593	$ 15,951,508

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

	2017	2016
Cash on hand	$ 800	$ 800
Deposits with financial institutions	904,028	590,995
Investments	13,796,765	15,359,713
Total cash and investments	$ 14,701,593	$ 15,951,508

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).

NOTE 2: CASH AND INVESTMENTS

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local District Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

NOTE 2: CASH AND INVESTMENTS

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, 2017 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	$ 3,818,840	$ -	$ -	$ 974,690	$ 2,844,150
Federal Farm Credit Bank Bonds	7,727,525	499,660	-	2,887,245	4,340,620
Local Agency Investment Funds	2,108,151	2,108,151	-	-	-
Money Market Funds	142,249	142,249	-	-	-
Total	$ 13,796,765	$ 2,750,060	$ -	$ 3,861,935	$ 7,184,770

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 Funds	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

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.

NOTE 2: CASH AND INVESTMENTS

Credit rating of investments as of June 30, 2017, were as follows:

Investment Type	Total	Minimum Legal Rating	Rating as of Year End AAA	AA+	Not Rated
U.S. Treasury Notes	$ 3,818,840	A	$ -	$ 3,818,840	$ -
Federal Farm Credit Bank Bonds	7,727,525	A	-	7,727,525	-
Local Agency Investment Funds	2,108,151	N/A	-	-	2,108,151
Money Market Funds	142,249	AAA	142,249	-	-
Total	$ 13,796,765		$ 142,249	$ 11,546,365	$ 2,108,151

Credit rating of investments as of June 30, 2016, were as follows:

Investment Type	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 Funds	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

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.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis, are as follows:
Investments at June 30, 2017:

Investment Type	Total	Fair Value Measurements (Level 1)	(Level 2)	(Level 3)
Government sponsored entities securities	$ 3,818,840	$ -	$ 3,818,840	$ -
U.S. Treasury notes	7,727,525	7,727,525	-	-
Money Market Funds	142,249	142,249	-	-
Total investments measured at fair value	11,688,614	$ 7,869,774	$ 3,818,840	$ -
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	2,108,151			
Total	$ 13,796,765			

NOTE 2: CASH AND INVESTMENTS

Investments at June 30, 2016:

Investment Type	Total	Fair Value Measurements (Level 1)	(Level 2)	(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	3,966,654	3,966,654	-	-
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			

NOTE 3: ACCOUNTS RECEIVABLE-WATER AND WASTEWATER, NET

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

	2017	2016
Account receivable- water and wastewater	$ 2,181,284	$ 1,968,078
Allowance for doubtful accounts	(5,513)	(5,513)
Account receivable- water and wastewater, net	$ 2,175,771	$ 1,962,565

CRESCENTA VALLEY WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 4: CAPITAL ASSETS

Capital assets at June 30, 2017, are summarized as follows:

	Balance 2016	Additions/ Transfers	Deletions / Transfers	Balance 2017
Non-depreciable assets:				
Water operations	$ 3,332,210	$ 1,865,413	$	$ 5,197,623
Wastewater operations	21,039			21,039
Total non-depreciable assets	3,353,249	1,865,413	-	5,218,662
Depreciable assets, net:				
Water operations	23,284,758	(880,242)	-	22,404,516
Wastewater operations	18,482,521	(404,001)		18,078,520
Total depreciable capital assets, net	41,767,279	(1,284,243)	-	40,483,036
Total Capital Assets, Net	$ 45,120,528	$ 581,170	$ -	$ 45,701,698

Changes for water operations captial assets in 2017 were as follows:

	Balance 2016	Additions/ Transfers	Deletions / Transfers	Balance 2017
Non-depreciable assets:				
Land	$ 1,158,526	$ -	$ -	$ 1,158,526
Construction-in progress	2,173,684	1,865,413	-	4,039,097
Total non-depreciable assets	3,332,210	1,865,413	-	5,197,623
Depreciable assets:				
Production equipment	10,128,050	8,076	-	10,136,126
Distribution equipment	29,816,634	76,856	-	29,893,490
Groundwater reclamation plant	2,642,127	-	-	2,642,127
Autos and trucks	923996	29,799	(14,759)	939,036
Office equipment	599,218	10,668	-	609,886
Office building	568,581	12,634	-	581,215
Total depreciable assets	44,678,606	138,033	(14,759)	44,801,880
Accumulated depreciation:				
Production equipment	(3,822,828)	(295,200)	-	(4,118,028)
Distribution equipment	(13,776,023)	(596,493)	-	(14,372,516)
Groundwater reclamation plant	(2,266,838)	(14,098)	-	(2,280,936)
Autos and trucks	(761,416)	(75,954)	14,759	(822,611)
Office equipment	(533,440)	(21,104)	-	(554,544)
Office building	(233,303)	(15,426)	-	(248,729)
Total accumulated depreciation	(21,393,848)	(1,018,275)	14,759	(22,397,364)
Total depreciable assets, net	23,284,758	(880,242)	-	22,404,516
Total capital assets, net	$ 26,616,968	$ 985,171	$ -	$ 27,602,139

NOTE 4: <u>CAPITAL ASSETS</u>

Changes for wastewater operations captial assets in 2017 were as follows:

	Balance 2016	Additions/ Transfers	Deletions / Transfers	Balance 2017
Non-depreciable assets:				
Construction-in progress	$ 21,039	$ -	$ -	$ 21,039
Total non-depreciable assets	21,039	-	-	21,039
Depreciable assets:				
Wastewater collection system				
Interceptor	4,988,812	-	-	4,988,812
Unit 1	11,404,199	-	-	11,404,199
Unit 2	19,891,101	-	-	19,891,101
Tools and lab equipment	30,381	-	-	30,381
Autos and trucks	459,241	281,085	(4,920)	735,406
Safety equipment	6,569	-	-	6,569
Booster building	66,465	-	-	66,465
Office equipment	26,886	3,555	-	30,441
Total depreciable assets	36,873,654	284,640	(4,920)	37,153,374
Accumulated depreciation:				
Wastewater collection system				
Interceptor	(2,450,934)	(116,232)	-	(2,567,166)
Unit 1	(5,675,551)	(203,047)	-	(5,878,598)
Unit 2	(9,764,300)	(353,487)	-	(10,117,787)
Tools and lab equipment	(30,381)	-	-	(30,381)
Autos and trucks	(438,059)	(8,708)	4,920	(441,847)
Safety equipment	(5,602)	(629)	-	(6,231)
Booster building	(16,256)	(2,129)	-	(18,385)
Office building	(10,050)	(4,409)	-	(14,459)
Total accumulated depreciation	(18,391,133)	(688,641)	4,920	(19,074,854)
Total depreciable assets, net	18,482,521	(404,001)	-	18,078,520
Total capital assets, net	$ 18,503,560	$ (404,001)	$ -	$ 18,099,559

NOTE 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	$ 5,967,554	$ (3,667,940)	$ 45,120,528

Changes for water operations captial 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	$ 6,611,746	$ (3,625,174)	$ 26,616,968

NOTE 4: CAPITAL ASSETS

Changes for wastewater operations captial 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 building	(7,906)	(2,144)	-	(10,050)
Total accumulated depreciation	(17,624,687)	(785,818)	19,372	(18,391,133)
Total depreciable assets, net	19,181,297	(698,776)	-	18,482,521
Total capital assets, net	$ 19,190,518	$ (644,192)	$ (42,766)	$ 18,503,560

NOTE 5: 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 change to compensated absences balances at June 30 were as follows:

Balance 2016	Additions	Deletions	Balance 2017	Due Within One Year	Due in More than One Year
$ 315,084	$ 267,154	$ (254,191)	$ 328,047	$ 82,012	$ 246,035

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

NOTE 6: LONG-TERM DEBT

Changes in long-term debt amounts as of June 30, 2017 were as follows:

	Balance 2016	Additions	Payments/ Discount Amortization	Balance 2017
Long-term debt:				
Bonds payable:				
2007 Certificates of participation	$ 8,100,000	$ -	$ (265,000)	$ 7,835,000
2007 Certificates of participation discount	(183,917)	-	8,927	(174,990)
Total bonds payable	7,916,083	-	(256,073)	7,660,010
Loans payable:				
2016 GWP infrastructure loan	1,023,574	-	(51,012)	972,562
Total loans payable	1,023,574	-	(51,012)	972,562
Total long-term debt	$ 8,939,657	$ -	$ (307,085)	$ 8,632,572

Changes in long-term debt amounts as of June 30, 2016 were as follows:

	Balance 2015	Additions	Payments/ Discount Amortization	Balance 2016
Long-term debt:				
Bonds payable:				
2007 Certificates of participation	$ 8,355,000	$ -	$ (255,000)	$ 8,100,000
2007 Certificates of participation discount	(192,844)	-	8,927	(183,917)
Total bonds payable	8,162,156	-	(246,073)	7,916,083
Loans payable:				
2016 GWP infrastructure loan	1,074,586	-	(51,012)	1,023,574
Total loans payable	1,074,586	-	(51,012)	1,023,574
Total long-term debt	$ 9,236,742	$ -	$ (297,085)	$ 8,939,657

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:

NOTE 6: LONG-TERM DEBT

Fiscal Year	Principal	Interest	Total
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	310,000	303,106	613,106
2023-2027	1,770,000	1,306,850	3,076,850
2028-2032	2,185,000	887,688	3,072,688
2033-2037	2,710,000	365,969	3,075,969
Total	8,100,000	$ 642,719	$ 12,293,406
Less current portion	(265,000)		
Discount on debt	(174,990)		
Total non-current	$ 7,660,010		

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. Future annual debt service requirements are as follows:

Fiscal Year	Principal
2018	$ 51,012
2019	51,012
2020	51,012
2021	51,012
2022	51,012
2023-2027	255,060
2028-2032	255,060
2033-2037	258,394
Total	1,023,574
Less current portion	(51,012)
Total non-current	$ 972,562

NOTE 7: OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS

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 requirement in order to be eligible for post-employment medical and dental benefits. The 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:

	2017	2016	2015
Active plan members	33	34	34
Retirees and beneficiaries receiving benefits	15	13	11
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	48	47	45

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 24.85% of the annual covered payroll.

NOTE 7: OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS

Annual Cost

For the year ended June 30, 2017, the District's ARC cost is $735,077. The District's net OPEB payable obligation amounted to $4,294,484 for the year ended June 30, 2017. The District contributed $135,441 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2017. In addition, on June 29, 2017, the District entered into an agrement with the Calfornia Employer's Retiree Benefit Trust Program (CERBT) to prefund OPEB benefits through CalPERS and contributed $100,000 to the CERBT.

The balance at June 30, consists of the following:

	2017	2016	2015
Annual OPEB expense:			
Annual required contribution (ARC)	$ 735,077	$ 751,149	$ 698,496
Interest on net OPEB obligation	272,378	139,883	115,051
Adjustment to annual required contribution	(218,992)	(154,900)	(123,008)
Total annual OPEB expense	788,463	736,132	690,539
Change in net OPEB payable obligation			
Age adjusted contribution made	(235,441)	(117,502)	(124,392)
Total change in net OPEB payable obligation	553,022	618,630	566,147
OPEB payable- beginning of year	3,741,462	3,122,832	2,556,685
OPEB payable- end of year	$ 4,294,484	$ 3,741,462	$ 3,122,832

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 2017 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year End	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2017	$ 788,463	$ 235,441	29.86%	$ 4,294,484
2016	736,132	117,502	15.96%	3,741,462
2015	690,539	124,392	18.01%	3,122,832

NOTE 7: <u>OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS</u>

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2016) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $8,809,356. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2017 was $2,957,671. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 297.85%

Actuarial Methods and Assumptions

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

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

Valuation date July 1, 2016
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	7.28%
Projected salary increase	3.25%
Inflation - discount rate	4.50%

NOTE 8: <u>DEFINED BENEFIT PENSION PLAN</u>

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN

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, 2017, 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	2.7% @ 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	55	62
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	10.003%	6.237%

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN

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	
	2017	2016
Contribution- employer	$ 381,098	$ 308,670
Contribution- employee (paid by employer)	118,218	151,019
Total employer paid contributions	$ 499,316	$ 459,689

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	
	2017	2016
Miscellaneous Plan	$ 3,364,245	$ 2,512,020

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, 2016 and 2015, 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, 2015 and 2014, rolled forward to June 30, 2016 and 2015, 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, 2015 and 2016, was as follows:

	Miscellaneous Plan
Proportion- June 30, 2015	0.03660%
Proportion- June 30, 2016	0.03888%
Change- Increase (Decrease)	0.00228%

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:

NOTE 8: DEFINED BENEFIT PENSION PLAN

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

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2017 and 2016, the District recognized pension expense of $361,090 and $250,858, respectively.

As of the fiscal year ended June 30, 2017, 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	$ 381,098	$ -
Differences between actual and expected experience	8,502	-
Changes in assumptions	-	(104,343)
Net differences between projected and actual earnings on plan investment	543,071	-
Differences between actual contribution and proportional share of contribu	32,872	(38,237)
Net adjustments due to differences in proportions of net pension liability	-	(231,593)
Total	$ 965,543	$ (374,173)

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 investment	-	(88,869)
Differences between actual contribution and proportional share of contribu	-	(80,723)
Net adjustments due to differences in proportions of net pension liability	-	(203,100)
	$ 327,407	$ (549,965)

As of June 30 2017 and 2016, employer pension contributions of $381,098 and $308,670, respectively, reported as deferred outflows of resources related to contributions subsequent to the

NOTE 8: DEFINED BENEFIT PENSION PLAN

measurement date were and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018 and 2017, respectively.

As of June 30, 2017, 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
2018	$ (59,518)
2019	(43,601)
2020	187,985
2021	125,406
	$ 210,272

Actuarial Assumptions

The total pension liability in the June 30, 2016 and 2015 actuarial valuation report was determined using the following actuarial assumptions:

	2016	2015
Valuation date	June 30, 2015	June 30, 2014
Measurement date	June 30, 2016	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Discount rate	7.65%	7.65%
Investment Rate of Return	7.50%	7.50%
Consumer price inflation	2.75%	2.75%
Wage growth	Varies by entry age and service	Varies by entry age and service

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Scale BB published by the Society of Actuaries.

Discount Rate

The Discount rate used to measure the total pension liability was 7.65% 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

NOTE 8: DEFINED BENEFIT PENSION PLAN

of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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 7.65% 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.

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Inflation Sensitive	6.00%	0.45%	3.36%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

* 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, 2017, the discount rate comparison was the following:

	Discount Rate -1% (6.65%)	Prior Discount Rate (7.50%)	Discount Rate +1% (8.50%)
District's Net Pension Liability	$ 5,357,819	$ 3,364,245	$ 1,716,654

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

NOTE 8: DEFINED BENEFIT PENSION PLAN

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.

NOTE 9: DEFERRED COMPENSATION PLAN

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by the District plan amounted to $1,417,310 and $1,227,925 in fiscal years 2017 and 2016, 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.

NOTE 10: NET POSITION

The components of net position as of June 30 are as follows:

	2017	2016
Net investment in capital assets:		
Capital assets- not being depreciated	$ 5,218,662	$ 3,353,249
Depreciable capital assets, net	40,483,036	41,767,279
Certificates of participation payable- current	(265,000)	(255,000)
Certificates of participation payable- non-current	(7,660,010)	(7,916,083)
Loan payable- current	(51,012)	(51,012)
Loan payable- non-current	(972,562)	(1,023,574)
Total net investments in capital assets	36,753,114	35,874,859
Restricted net position:		
Investments- restricted	617,361	617,109
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	356,671	370,451
Prepaid expenses and other deposits	44,470	44,593
Total non-spendable net position	401,141	415,044
Spendable net position is as follows:		
Unrestricted	7,218,336	9,187,172
Total spendable net position	7,218,336	9,187,172
Total unrestricted net position	7,619,477	9,602,216
Total net position	$ 44,989,952	$ 46,094,184

NOTE 11: 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.

NOTE 11: RISK MANAGEMENT

At June 30, 2017, 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, 2017, 2016, and 2015, respectively.

NOTE 12: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that has effective dates that may impact future financial presentations.

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.

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

NOTE 12: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

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.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83- *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations when a legally enforceable liability is associated with the retirement of a tangible

NOTE 12: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

capital asset. The statement establishes criteria for determining the timing and patterns of recognition of a liability and a corresponding deferred outflow of resources. The statement is effective for the fiscal year 2018-19.

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85- *Omnibus*. The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB statements. Specific topics addressed in this statement are related to blended component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). The statement is effective for the fiscal year 2017-18

Governmental Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86- *Certain Debt Extinguishment Issues*. The objective of the statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial report for prepaid insurance on debt that is extinguished and notes to the financial statements for the debt that is in-substance defeased. The statement is effective for the fiscal year 2017-18.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87- *Leases*. The objective of the statement is to improve the accounting and financial reporting for the leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement is effective for the fiscal year 2020-21.

NOTE 13: 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.

REQUIRED SUPPLEMENTARY INFORMATION

CRESCENTA VALLEY WATER DISTRICT

SCHEDULE OF FUNDING STATUS – OTHER POST-EMPLOYMENT BENEFITS OBLIGATION
June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Value of 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)
7/1/2016	$ -	8,809,356	8,809,356	0.00%	$ 2,957,671	297.85%
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%

There are no plan assets because the District funds on a pay-as-you-go basis.

CRESCENTA VALLEY WATER DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2017

Description	2015	2016	2017
District's proportion of the Net pension liability (asset)	0.03881%	0.03660%	0.03888%
District's proportion share of the net pension liability (asset)	2,415,225	2,512,020	$ 3,364,245
District's covered payroll as of previous fiscal year to align with the measurement date of the net pension liability	2,296,444	2,388,479	$ 2,715,807
District's proportion share of the net pension liability (asset) as a percentage of its covered payroll	105.17%	105.17%	123.88%
District's fiduciary net position as a percentage of the total pension liability	77.88%	81.15%	78.90%

Note: Accounting standards require presentation of 10 years of information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

CRESCENTA VALLEY WATER DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
June 30, 2017

	2015	2016	2017
Contractually required contribution	$ 292,716	$ 308,670	$ 381,098
Contribution's in related to the contractually required contribution	(292,716)	(308,670)	(381,098)
Contribution deficiency (excess)	-	-	-
District's covered payroll	2,388,479	2,715,807	2,906,241
Contribution's as a percentage of covered Payroll	11.01%	11.33%	13.11%

Note: Accounting standards require presentation of 10 years of information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Funding Status

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District's Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

CRESCENTA VALLEY WATER DISTRICT

COMBINING SCHEDULE OF FUND NET POSITION
For The Fiscal Year Ended June 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 2,141,482	$ 396,386	$ 2,537,868
Cash interest receivable	77,447	-	77,447
Accounts receivable- water and wastewater, net	1,646,839	528,932	2,175,771
Accounts receivable- local grant	-	-	-
Accounts receivable- other	8,269	-	8,269
Material and supplies inventory	352,561	4,110	356,671
Prepaid expenses and other deposits	27,387	17,083	44,470
Total Current Assets	4,253,985	946,511	5,200,496
Noncurrent assets:			
Investments	11,546,364	-	11,546,364
Investments- restricted	617,361	-	617,361
Internal balances	(1,666,197)	1,666,197	-
Capital assets- not being depreciated	5,197,623	21,039	5,218,662
Depreciable capital assets	22,404,516	18,078,520	40,483,036
Total Non-Current Assets	38,099,667	19,765,756	57,865,423
Total Assets	42,353,652	20,712,267	63,065,919
Deferred outflows of resources:			
Deferred pension outflows	579,326	386,217	965,543
Total Deferred Outflows	579,326	386,217	965,543
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	1,088,890	84,910	1,173,800
Accrued wages and related payables	98,651	56,254	154,905
Customer deposits	321,203	52,999	374,202
Accrued interest expense	29,070	-	29,070
Long-term liabilities- due within one year:			
Compensated absences	61,509	20,503	82,012
Certificates of participation	265,000	-	265,000
Loan payable	51,012	-	51,012
Total Current Liabilities	1,915,335	214,666	2,130,001
Noncurrent liabilities:			
Long-term liabilities- due in more than one year:			
Compensated absences	184,526	61,509	246,035
Certificates of participation	7,660,010	-	7,660,010
Loan payable	972,562	-	972,562
Other post employment benefits payable	2,536,804	1,757,680	4,294,484
Net pension liability	2,018,547	1,345,698	3,364,245
Total Noncurrent Liabilities	13,372,449	3,164,887	16,537,336
Total Liabilities	15,287,784	3,379,553	18,667,337
Deferred inflows of resources:			
Deferred pension inflows	224,504	149,669	374,173
Total Deferred Inflows of Resources	224,504	149,669	374,173
Net position:			
Net investment in capital assets	18,653,555	18,099,559	36,753,114
Restricted	617,361	-	617,361
Unrestricted	8,149,774	(530,297)	7,619,477
Total Net Position	$ 27,420,690	$ 17,569,262	$ 44,989,952

See independent auditors' report and accompanying notes to the basic financial statements.

CRESCENTA VALLEY WATER DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For The Fiscal Year Ended June 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water operations- consumption sales	$ 6,540,242	$ -	$ 6,540,242
Water operations- service charge	2,245,629	-	2,245,629
Water operations- other charges	772,050	-	772,050
Wastewater operations- user and standby charges	-	3,168,022	3,168,022
Total operating revenues	9,557,921	3,168,022	12,725,943
Operating expenses:			
Source of supply	3,149,245	-	3,149,245
Plant operations	1,941,082	234,419	2,175,501
Distribution system	1,127,201	-	1,127,201
City of Los Angeles wastewater system	-	950,537	950,537
Collection system	-	212,842	212,842
General and administrative expenses	2,791,232	1,671,485	4,462,717
Total operating expenses before depreciation	9,008,760	3,069,283	12,078,043
Operating income before depreciation	549,161	98,739	647,900
Depreciation expense	(1,018,275)	(688,640)	(1,706,915)
Operating (loss)	(469,114)	(589,901)	(1,059,015)
Non-operating revenues(expenses):			
Investment earnings (losses)	(109,537)	105	(109,432)
Gain(loss) on sale of capital assets	587	587	1,174
Interest expense	(358,188)	-	(358,188)
Rental income	24,113	8,038	32,151
Other income(expense), net	(93,818)	11,551	(82,267)
Total non-operating income, net	(536,843)	20,281	(516,562)
Net (loss) before capital contributions	(1,005,957)	(569,620)	(1,575,577)
Capital contributions:			
Capital grants- state	359,759	-	359,759
Capital grants- local	-	-	
Assessments	-	111,586	111,586
Total capital contributions	359,759	111,586	471,345
Change in net position	(646,198)	(458,034)	(1,104,232)
Net Position, Beginning of Fiscal Year	28,066,888	18,027,296	46,094,184
Net Position, End of Fiscal Year	$ 27,420,690	$ 17,569,262	$ 44,989,952

See independent auditors' report and accompanying notes to the basic financial statements.

CRESCENTA VALLEY WATER DISTRICT

DETAILED SCHEDULES OF REVENUES, EXPENSES AND CHANGES OF FUND NET POSITION WATER OPERATIONS

For the Fiscal Years Ended June 30, 2017 and 2016

	2017		2016	
	Amount	Percent	Amount	Percent
Operating revenues:				
Water operations- customers	$ 6,540,242	68.43%	$ 5,742,445	70.61%
Water operations- others	122,780	1.28%	99,670	1.23%
Service charges	2,245,629	23.49%	1,949,220	23.97%
Meter installations	43,440	0.45%	40,690	0.50%
Other revenue	605,830	6.34%	300,196	3.69%
Total operating revenues	9,557,921	100.00%	8,132,221	100.00%
Operating expenses:				
Source of supply- water purchases	3,149,245	34.96%	2,503,627	30.79%
Plant operations:				
Power	668,941	7.43%	673,699	8.28%
Plant wages	604,754	6.71%	503,028	6.19%
Utilities	11,605	0.13%	12,119	0.15%
Telephone	-	0.00%	-	0.00%
Maintenance	195,399	2.17%	122,388	1.51%
Signal system	13,253	0.15%	23,478	0.29%
Lab and treatment	155,763	1.73%	145,773	1.79%
Nitrate treatment	69,275	0.77%	60,135	0.74%
Insurance	136,078	1.51%	130,058	1.60%
Other expense	86,014	0.95%	70,388	0.87%
Total plant operations	1,941,082	21.55%	1,741,066	21.41%
Distribution system:				
Meter maintenance	881,962	9.79%	1,007,772	12.39%
Pipeline maintenance	56,251	0.62%	72,757	0.89%
Backflow operations	529	0.01%	460	0.01%
Reservoir and building maintenance	84,955	0.94%	83,820	1.03%
Auto and truck expense	90,738	1.01%	98,061	1.21%
Property taxes	12,766	0.14%	12,502	0.15%
Total distribution system	1,127,201	12.51%	1,275,372	15.68%

Continued on next page

CRESCENTA VALLEY WATER DISTRICT

DETAILED SCHEDULES OF REVENUES, EXPENSES AND CHANGES OF FUND NET POSITION WATER OPERATIONS, CONTINUED For the Fiscal Years Ended June 30, 2017 and 2016

	2017		2016	
	Amount	Percent	Amount	Percent
Operating expenses, continued:				
General and administrative:				
Directors' fees	8,100	0.09%	8,370	0.10%
Salaries- statutory officers	174,752	1.94%	163,897	2.02%
Salaries- general office	475,605	5.28%	454,109	5.58%
Retirement (CalPERS)	322,284	3.58%	153,037	1.88%
Payroll taxes	132,971	1.48%	130,768	1.61%
Engineering and drafting	342,348	3.80%	295,124	3.63%
Accounting	5,757	0.06%	10,940	0.13%
Legal	49,138	0.55%	75,684	0.93%
Administrative consultant- water system	61,264	0.68%	81,820	1.01%
Insurance- general	20,938	0.23%	19,387	0.24%
Insurance- group	754,517	8.38%	721,758	8.88%
Maintenance	16,356	0.18%	13,804	0.17%
Computer and supplies	83,653	0.93%	102,129	1.26%
Utilities	17,336	0.19%	21,381	0.26%
Telephone	110,350	1.22%	102,160	1.26%
Printing and postage	44,300	0.49%	40,413	0.50%
Bad debt	-	0.00%	-	0.00%
Water system fees	58,473	0.65%	49,690	0.61%
Water conservation	27,040	0.30%	77,603	0.95%
Training	21,128	0.23%	30,007	0.37%
Other	64,922	0.72%	59,544	0.73%
Total general and administrative	2,791,232	30.98%	2,611,625	32.12%
Total operating expenses	9,008,760	100.00%	8,131,690	100.00%
Operating income before depreciation	549,161	100.00%	531	100.00%
Depreciation expense	(1,018,275)	100.00%	(1,072,294)	100.00%
Operating loss	(469,114)	100.00%	(1,071,763)	100.00%
Non-operating revenues (expense):				
Investment earnings	(109,537)	20.40%	635,075	230.57%
Gain(loss) on sale of capital assets	587	-0.11%	5,401	1.96%
Interest expense	(358,188)	66.72%	(368,022)	-133.61%
Rental income	24,113	-4.49%	21,263	7.72%
Other income(expense), net	(93,818)	17.48%	(18,282)	-6.64%
Total non-operating revenues, net	(536,843)	100.00%	275,435	100.00%
Net income (loss) before capital contributions	(1,005,957)	100.00%	(796,328)	100.00%
Capital contributions:				
Capital grants- state	359,759	100.00%	574,983	72.84%
Capital grants- local	-	0.00%	214,346	27.16%
Total capital contributions	359,759	100.00%	789,329	100.00%
Change in net position	$ (646,198)	100.00%	$ (6,999)	100.00%

CRESCENTA VALLEY WATER DISTRICT

DETAILED SCHEDULES OF REVENUES, EXPENSES AND CHANGES OF FUND NET POSITION WASTEWATER OPERATIONS,
For the Fiscal Years Ended June 30, 2017 and 2016

	2017		2016	
	Amount	Percent	Amount	Percent
Operating revenues:				
User and standby charges	$ 3,168,022	100.00%	$ 3,275,859	100.00%
Other charges	-	0.00%	-	0.00%
Total operating revenues	3,168,022	100.00%	3,275,859	100.00%
Operating expenses:				
City of Los Angeles wastewater system expense	950,537	30.97%	1,362,190	40.15%
Plant operations:				
Power	600	0.02%	646	0.02%
Plant wages	85,875	2.80%	58,056	1.71%
Utilities	2,881	0.09%	2,912	0.09%
Telephone	-	0.00%	-	0.00%
Maintenance	12,860	0.42%	7,334	0.22%
Insurance- general	108,334	3.53%	103,520	3.05%
Signal system	2,175	0.07%	-	0.00%
Other expense	21,694	0.71%	15,409	0.45%
Total plant operations	234,419	7.64%	187,877	5.54%
Collection system:				
Maintenance	175,752	5.73%	250,492	7.38%
Auto and truck expense	37,090	1.21%	53,424	1.57%
Inspection	-	0.00%	3,126	0.09%
Total collection system	212,842	6.93%	307,042	9.05%

Continued on next page

CRESCENTA VALLEY WATER DISTRICT

DETAILED SCHEDULES OF REVENUES, EXPENSES AND CHANGES OF FUND NET POSITION WASTEWATER OPERATIONS, Continued For the Fiscal Years Ended June 30, 2017 and 2016

	2017		2016	
	Amount	Percent	Amount	Percent
Operating expenses, continued:				
General and administrative:				
Directors' fees	8,100	0.26%	8,370	0.25%
Salaries- statutory officers	174,752	5.69%	164,628	4.85%
Salaries- general office	331,265	10.79%	305,023	8.99%
Retirement (CalPERS)	215,329	7.02%	102,546	3.02%
Payroll taxes	88,647	2.89%	87,179	2.57%
Engineering and drafting	114,116	3.72%	93,354	2.75%
Accounting	5,757	0.19%	10,940	0.32%
Legal	14,513	0.47%	15,503	0.46%
Administrative	18,700	0.61%	69,512	2.05%
Insurance- general	13,958	0.45%	12,925	0.38%
Insurance- group	502,553	16.37%	480,762	14.17%
Maintenance	5,452	0.18%	4,601	0.14%
Computer and supplies	39,961	1.30%	40,577	1.20%
Utilities	6,400	0.21%	6,848	0.20%
Telephone	36,783	1.20%	34,053	1.00%
Printing and postage	30,257	0.99%	36,718	1.08%
Bad debt	-	0.00%	-	0.00%
Training	3,371	0.11%	4,703	0.14%
Other	61,571	2.01%	57,689	1.70%
Total general and administrative	1,671,485	54.46%	1,535,931	45.27%
Total operating expenses	3,069,283	100.00%	3,393,040	100.00%
Operating income before depreciation	98,739	100.00%	(117,181)	100.00%
Depreciation expense	(688,640)	100.00%	(785,818)	100.00%
Operating loss	(589,901)	100.00%	(902,999)	100.00%
Non-operating revenues (expense):				
Investment earnings	105	0.52%	196	0.72%
Gain(loss) on sale of capital assets	587	2.89%	1,500	5.53%
Interest expense	-	0.00%	-	0.00%
Rental income	8,038	39.63%	7,088	26.13%
Other income(expense), net	11,551	56.95%	18,343	67.62%
Total non-operating revenues, net	20,281	100.00%	27,127	100.00%
Loss before capital contributions	(569,620)	100.00%	(875,872)	100.00%
Capital contributions:				
Assessments	111,586	100.00%	21,463	100.00%
Change in net position	$ (458,034)	100.00%	$ (854,409)	100.00%

See independent auditors' report and accompanying notes to the basic financial statements.

OTHER INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL 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 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 (the District), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit 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 opinions 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 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 of 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP
Glendora, California
December 20, 2017

Crescenta Valley Water District

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

December 20, 2017

CliftonLarsonAllen LLP
2210 East Route 66
Glendora, CA 91740

This representation letter is provided in connection with your audit of the financial statements of Crescenta Valley Water District, which comprise the financial position of the District as of June 30, 2017, and the respective changes in its financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 20, 2017, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 4, 2017, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- We acknowledge and have fulfilled our responsibility for 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.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

- Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

- You have proposed adjusting journal entries that have been posted to the District's accounts. We have reviewed and approved these adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with the adjustment and accept responsibility for them (see Attachment A for detail).

- We have not identified or been notified of any uncorrected financial statement misstatements.

- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

- Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Information Provided

- We have provided you with:

    - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

    - Additional information that you have requested from us for the purpose of the audit.

    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

- Management;
- Employees who have significant roles in internal control; or
- Others when the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Crescenta Valley Water District, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

- The financial statements properly classify all funds and activities.
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- We acknowledge our responsibility for presenting the supplementary information (SI) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

Signature: Thom LeFave Title: General Manager

Signature: Ron Mitchell Title: Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 2

To: Honorable President and Members of the Board of Directors January 23, 2018

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

Subject: **Discussion on Estimate of Water Demand for FY 18/19 and Next 5-years**

ACTION ITEM:

Discussion on Estimate of Water Demand for FY 18/19 Budget – Discussion on the estimated water demand for FY 18/19 and the next 5-years as part of the FY 18/19 Budget

BACKGROUND:

As staff begins the budget process for FY 18/19, a key element is the estimate of water demand for the coming year. This estimate is used to determine the projected water sales revenue for FY 18/19 and to determine the estimated revenue for the coming fiscal year budget.

DISCUSSION:

Staff reviews past year water usage, anticipated weather conditions (dry year or wet year), availability of local groundwater and the status of the local economy to estimate water demand projections for FY 18/19 and the next 5 to 10 years. Also, staff reviews local, state and federal regulations with respect to water conservation and the State's 20% reduction by 2020 to make certain CVWD meets those requirements.

FY 17/18 Water Demand Projections:

Staff, last year at this time, predicted that overall water demand would increase about 4% to 5% per year for the next five (5) years as CVWD was coming out the of 5-year drought. Also, staff was anticipating groundwater production would increase because of the above average rainfall during the winter of 2016/17. As shown on the Exhibit 1 chart, water demand was estimated to increase over the next 5-years and level off for the next five years. Exhibit 2 shows the amount of water demand projected for each year with the 4% to 5% increase. These projections were used to anticipate water sales revenue for the FY 17/18 budget.

FY 17/18 Water Demand Actual:

Staff has been charting the District's water demands from July 2016 to January 2017 and the actual water demands are 0.6% less than projected water demands. However, December was an extremely dry month (no rainfall) and demands were 19% higher than projected. This trend may continue for the next six months if there is no significant rainfall. Another factor that staff has observed is that groundwater production has remained at the same capacity over the last 6 – 8 months and has not increased as originally thought back in January 2017. This leads to purchasing more imported water from FMWD during this period.

FY 18/19 Water Demand Projections:

Staff utilized information from the past 9 months and the current condition of CVWD's groundwater wells to estimate the water demands for FY 18/19. As shown in Exhibit 3 chart, staff is anticipating the overall water demand remain the same for FY 18/19 and to increase by 1% to 2% over the next 5 years. Also, staff anticipates groundwater production to remain at the same current levels and may increase with the rehabilitation of Well 10 and the re-activation of Well 2. As shown in the Exhibit 4 table, the low groundwater production will result in higher purchases of imported water from FMWD. It is also anticipated that CVWD will be purchasing Tier 2 imported water from FY 18/19 to FY 24/25. The additional costs for Tier 2 imported water will have to be factored into the annual water budget.

RECOMMENDATION:

The FY 18/19 water projections were discussed with the Engineering Committee on January 18, 2018 and the Committee recommended that this be discussed at the January 23, 2018 Board Meeting. The Engineering Committee suggested increasing the amount of well rehabilitation projects planned for the FY 18/19 CIP budget.

ENVIRONMENTAL REVIEW:

N/A

FUNDING AVAILABILITY:

N/A

Prepared by:

David S. Gould, P.E.
District Engineer

Submitted by:

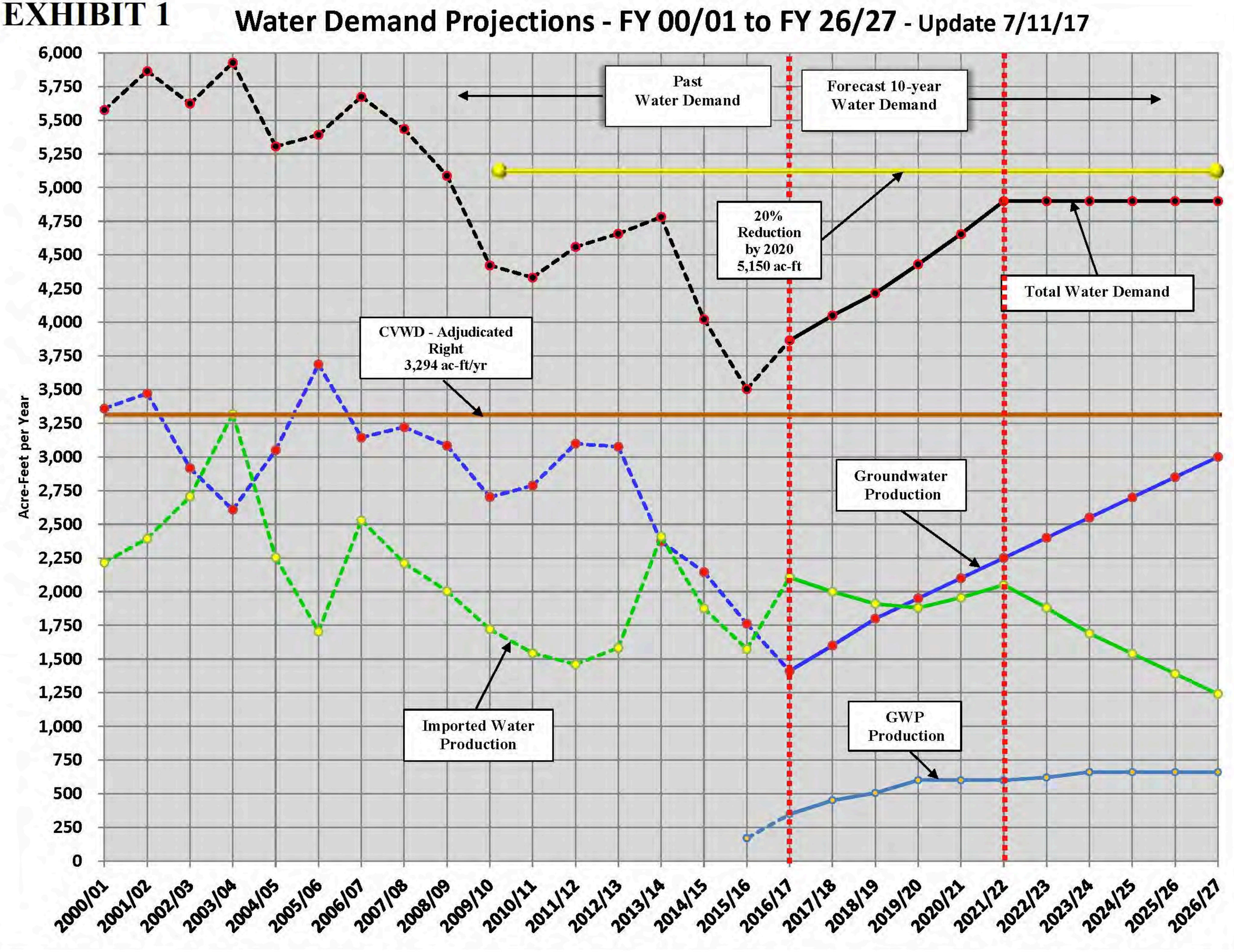
Thomas A. Love
General Manager

Attachments:

1. Exhibit 1 & 2 – FY 17/18 – Water Demand Estimate
2. Exhibit 3 & 4 – FY 17/18 – Water Demand Estimate

G:\Management\Board Meeting Staff Reports\2018\01-23-18 Board Memo - Estimate Water Production.docx

EXHIBIT 1



Water Demand Projections - FY 00/01 to FY 26/27 - Update 7/11/17
Past Water Demand
Forecast 10-year Water Demand
20% Reduction by 2020 5,150 ac-ft
Total Water Demand
CVWD - Adjudicated Right 3,294 ac-ft/yr
Groundwater Production
Imported Water Production
GWP Production
Acre-Feet per Year
6,000
5,750
5,500
5,250
5,000
4,750
4,500
4,250
4,000
3,750
3,500
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2022/23
2023/24
2024/25
2025/26
2026/27

EXHIBIT 2

10-year Water Production Estimate
Based on:
Slow Recovery of Verdugo Basin
4% to 5% annual increase in water production over next 5 years
(Used for FY 17/18 Water Budget Projections)

Fiscal Year	Groundwater (ac-ft)	GWP (ac-ft)	FMWD (ac-ft)	Total Water Production (ac-ft)	Percent Increase or Decrease
2013/14	2,372	0	2,410	4,782	2.7%
2014/15	2,146	0	1,876	4,022	-15.9%
2015/16	1,761	169	1,573	3,504	-12.9%
2016/17	1,411	348	2,107	3,865	10.3%
2017/18	**1,600**	**450**	**2,000**	**4,050**	**4.2%**
2018/19	**1,800**	**505**	**1,910**	**4,215**	**3.9%**
2019/20	**1,950**	**600**	**1,880**	**4,430**	**4.9%**
2020/21	**2,100**	**600**	**1,955**	**4,655**	**4.8%**
2021/22	**2,250**	**600**	**2,050**	**4,900**	**5.0%**
2022/23	2,400	620	1,880	4,900	0.0%
2023/24	2,550	660	1,690	4,900	0.0%
2024/25	2,700	660	1,540	4,900	0.0%
2025/26	2,850	660	1,390	4,900	0.0%
2026/27	3,000	660	1,240	4,900	0.0%

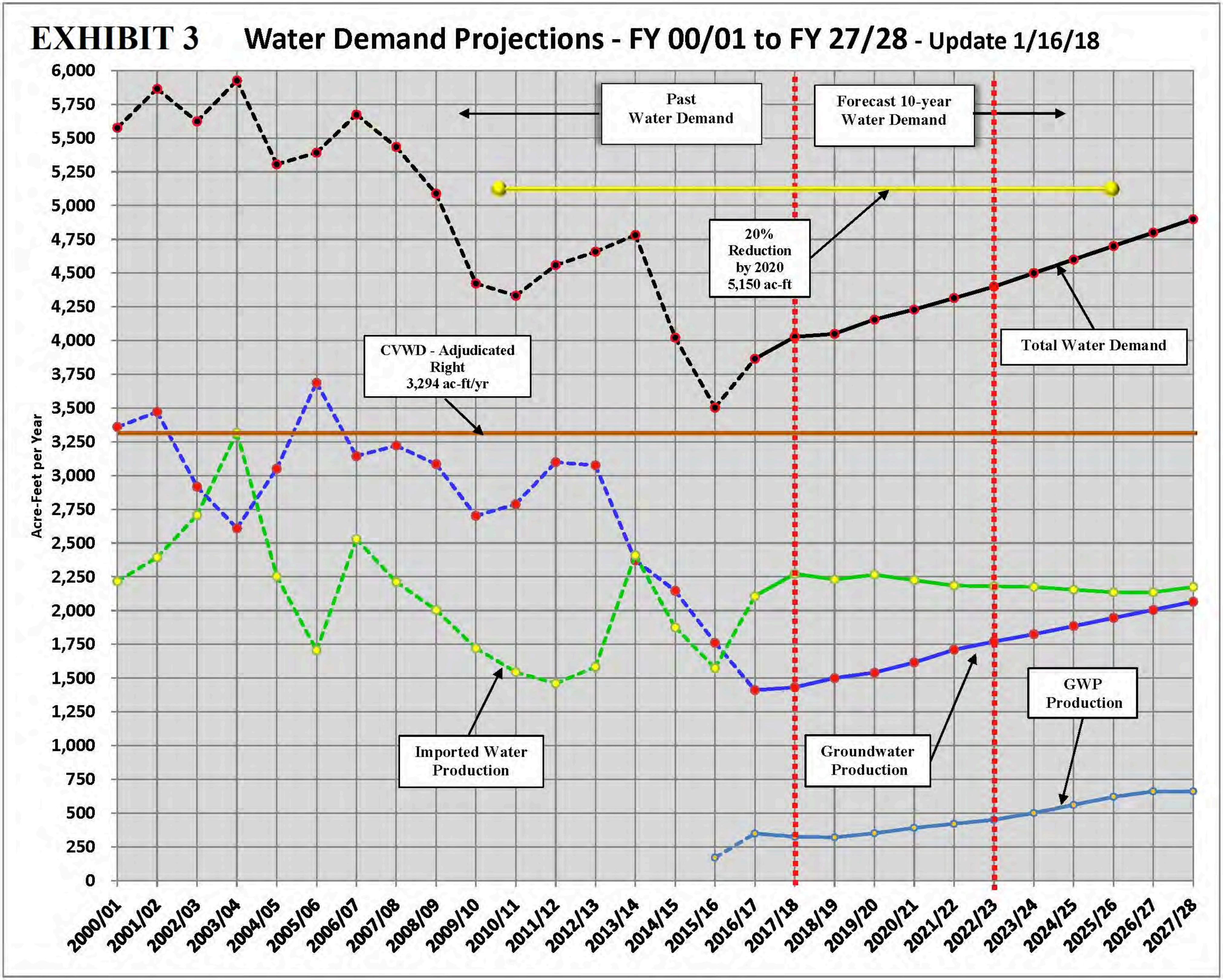
EXHIBIT 3
Water Demand Projections - FY 00/01 to FY 27/28 - Update 1/16/18
Acre-Feet per Year
Past Water Demand
Forecast 10-year Water Demand
20% Reduction by 2020 5,150 ac-ft
Total Water Demand
CVWD - Adjudicated Right 3,294 ac-ft/yr
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GWP Production
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2026/27
2027/28

EXHIBIT 4

10-year Water Production Estimate
Based on:
Slight Recovery of Verdugo Basin
1% to 2% annual increase in water production over next 10 years
(Use for FY 18/19 Budget Projections)

Fiscal Year	Groundwater (ac-ft)	GWP (ac-ft)	FMWD (ac-ft)	Total Water Production (ac-ft)	Percent Increase or Decrease
2013/14	2,372	0	2,410	4,782	2.7%
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2020/21	**1,615**	**390**	**2,225**	**4,230**	**1.8%**
2021/22	**1,710**	**420**	**2,185**	**4,315**	**2.0%**
2022/23	1,770	450	2,180	4,400	1.9%
2023/24	1,825	500	2,175	4,500	2.2%
2024/25	1,885	560	2,155	4,600	2.2%
2025/26	1,945	620	2,135	4,700	2.1%
2026/27	2,005	660	2,135	4,800	2.1%

CRESCENTA VALLEY WATER DISTRICT
M E M O R A N D U M

DATE: January 19, 2018

TO: Engineering Committee

FROM: David S. Gould, District Engineer

SUBJECT: CVWD Engineering Committee Meeting No. 307

Following is a summary of Engineering Committee Meeting No. 307, held at 9:00 AM on January 18, 2018, at the CVWD main office, and was attended by the following:

Director Ken Putnam - Committee Chairperson	CVWD
Director Kerry Erickson	CVWD
Tom Love – General Manager	CVWD
David Gould – District Engineer	CVWD
Brook Yared – Associate Engineer	CVWD

1. Status of Groundwater Wells and Well Capacity

Mr. Yared presented an updated Water Production Chart showing the status of the daily water production and the breakdown between groundwater and FMWD production for 2016 - 2018. Mr. Gould indicated that water production was higher in December 2017 due to no rainfall and that the well production remains about the same as the previous year.

2. Water Production Projections for FY 18/19

Mr. Gould discussed last year at this time, predicted that overall water demand would increase about 4% to 5% per year for the next five (5) years as CVWD was coming out the of 5-year drought. Also, staff was anticipating groundwater production would increase because of the above average rainfall during the winter of 2016/17 and that the amount of water demand projected for each year with the 4% to 5% increase.

Mr. Gould also indicated that Staff has been charting the District’s water demands from July 2016 to January 2017 and the actual water demands are 0.6% less than projected water demands. However, December was an extremely dry month (no rainfall) and demands were 19% higher than projected. This trend may continue for the next six months if there is no significant rainfall. Another factor that staff has observed is that groundwater production has remained at the same capacity over the last 6 – 8 months and has not increased as originally thought back in January 2017, which resulted in purchasing more imported water from FMWD during this period

Finally, Mr. Gould stated that Staff utilized the information from the past 9 months and the current condition of CVWD’s groundwater wells to estimate the water demands for FY 18/19. Staff anticipates the overall water demand will remain the same for FY 18/19 and an annual increase of 1% to 2% over the next 5 years. Also, staff anticipates groundwater production will remain at current levels and may slightly increase with the rehabilitation of Well 10 and the re-activation of Well 2. The low groundwater production will result in higher purchases of imported water from FMWD. It is also anticipated that CVWD will be purchasing Tier 2 imported water from FY 18/19 to FY 24/25. The additional cost of Tier 2 imported water will have to be factored into the annual water budget.

The Engineering Committee suggested increasing the amount of well rehabilitations projects planned for the FY 18/19 CIP budget and recommended that this be discussed at the January 23, 2018 Board Meeting.

3. Automated Meter Infrastructure (AMI) – Presentation on status of CVWD's AMI Program

Mr. Gould showed a PowerPoint presentation on the status of CVWD's water replacement program and AMI. Mr. Gould indicated that this is a preliminary presentation aimed at getting feedback from the Engineering Committee before a presentation to the Board of Directors. Mr. Gould discussed status of the installation of the smart meters, fixed area network needed to collect the data and the data management system to analyze the data. Mr. Gould provided four (4) different timelines to complete the project ranging from 12 months to 30 months. In addition, Mr. Gould pointed out that more information and research is needed to get a better understanding of the fixed area network and the data management system. Mr. Gould plans on meeting with various vendors in the next few weeks to get more detailed information. Finally, Mr. Gould provided preliminary estimated costs to complete the AMI system, which was around $3.9M.

The Engineering Committee reviewed the information and suggested that staff look at a 24 – 30 month timeline to complete the AMI system. Also, to look at a phased approached to the project and still move forward with completing the changeover of water meters to smart meters.

The Engineering Committee also suggested that Mr. Gould continue with his research and provide a full presentation to the Board at the February 27, 2018 Board Meeting.

4. FY 17/18 CIP - Project Status

Mr. Gould provided an updated cost summary of the FY 17/18 CIP program. Mr. Gould indicated that the majority of the projects are currently under construction and should be completed by the end of the fiscal year. Mr. Gould also discussed that projects are currently coming in at budget and showed the additional funds that were requested at previous Board meetings.

The Engineering Committee reviewed the cost summary and requested an update at the next Engineering Committee Meeting.

5. FY 18/19 CIP – Discussion on Preliminary FY 18/19 CIP Program

Mr. Gould provided a preliminary CIP budget for FY 18/19 and the next 5-years for review and discussion. Mr. Gould indicated that the preliminary CIP budget included costs for additional well rehabilitation, design and construction of the stormwater recharge project at Crescenta Valley County Park, design and construction of new MCC at Paschall Booster Station and completion of the AMI system.

The Engineering Committee requested an updated CIP priority list for further review and discussion. In addition the Engineering Committee requested that this be presented at the February 13, 2018 Board Meeting.

The next Engineering Committee meeting was scheduled for February 22, 2017 at 9:00AM

Adjournment - The Engineering Committee meeting was adjourned at 11:13 am on January 18, 2018

See CVWD Website www.cvwd.com
for the Engineering Committee Packet

CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD
LA CRESCENTA, CALIFORNIA

Agenda for the Meeting of the Engineering Committee
of the Crescenta Valley Water District

To be held on

January 18, 2018 at 9:00 AM

Posted January 16, 2018 at 3:00 pm

Call to Order

Adoption of Agenda

Information Items

1. Status of Groundwater Wells and Well Capacity
2. Water Production Projections for FY 18/19
3. Automated Meter Infrastructure (AMI) – Presentation on status of CVWD's AMI Program
4. FY 17/18 CIP - Project Status:
   - Oak Creek Reservoir Rehabilitation Project
   - Well #2 Re-activation and Nitrate Treatment Plant Project
   - Brookhill Pipeline Project
   - Well 10 Rehabilitation Project
5. FY 18/19 CIP – Discussion on Preliminary FY 18/19 CIP Program

Public Comments

At this time, members of the public shall have an opportunity to address the Committee on items of interest that are within the subject matter jurisdiction of this Committee. This opportunity is non-transferable and speakers are limited to three (3) minutes each.

Committee Member's Request for Future Agenda Items

Next Engineering Committee Meeting – February 22, 2018

Adjournment

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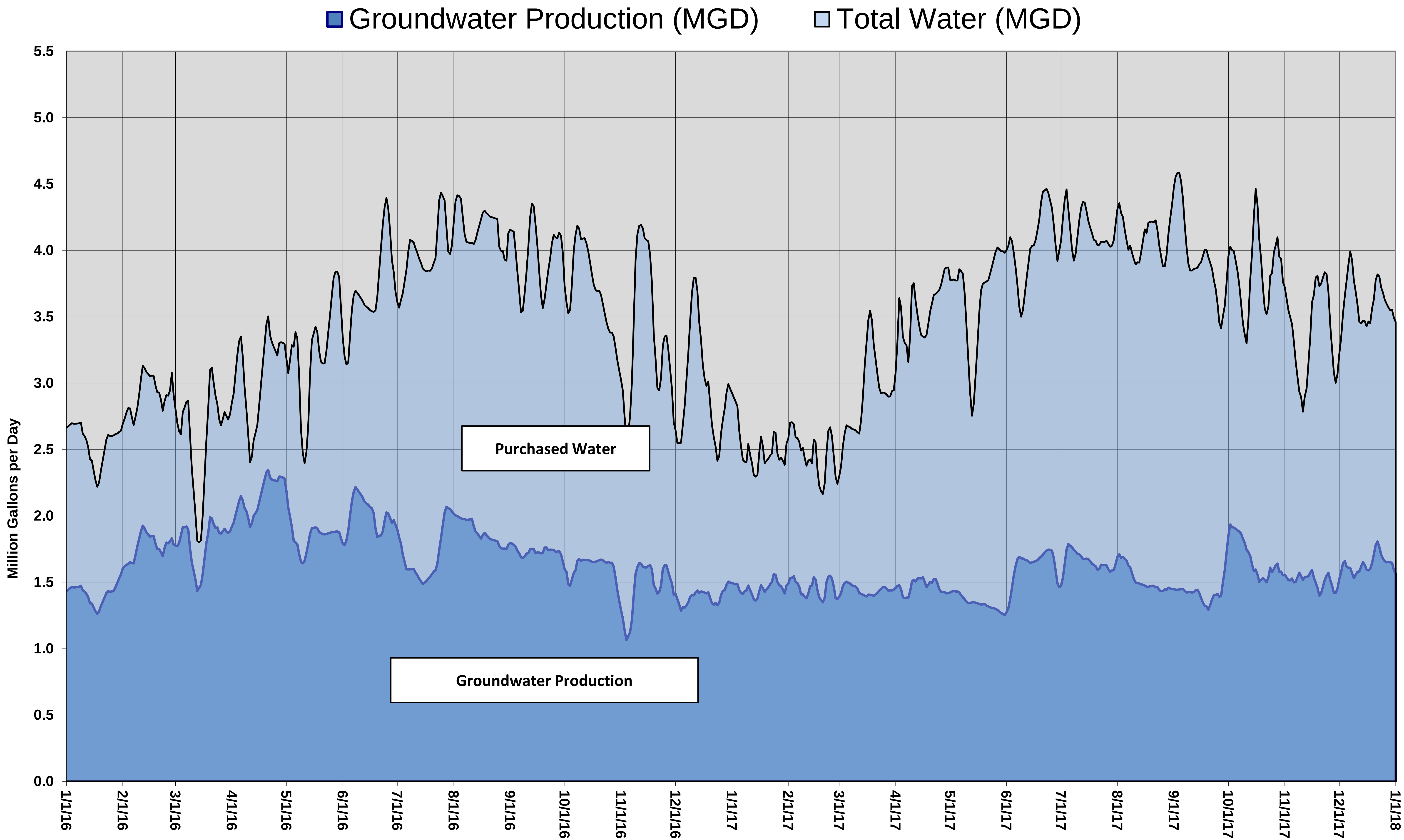
Water Production Chart 2016 - 2018



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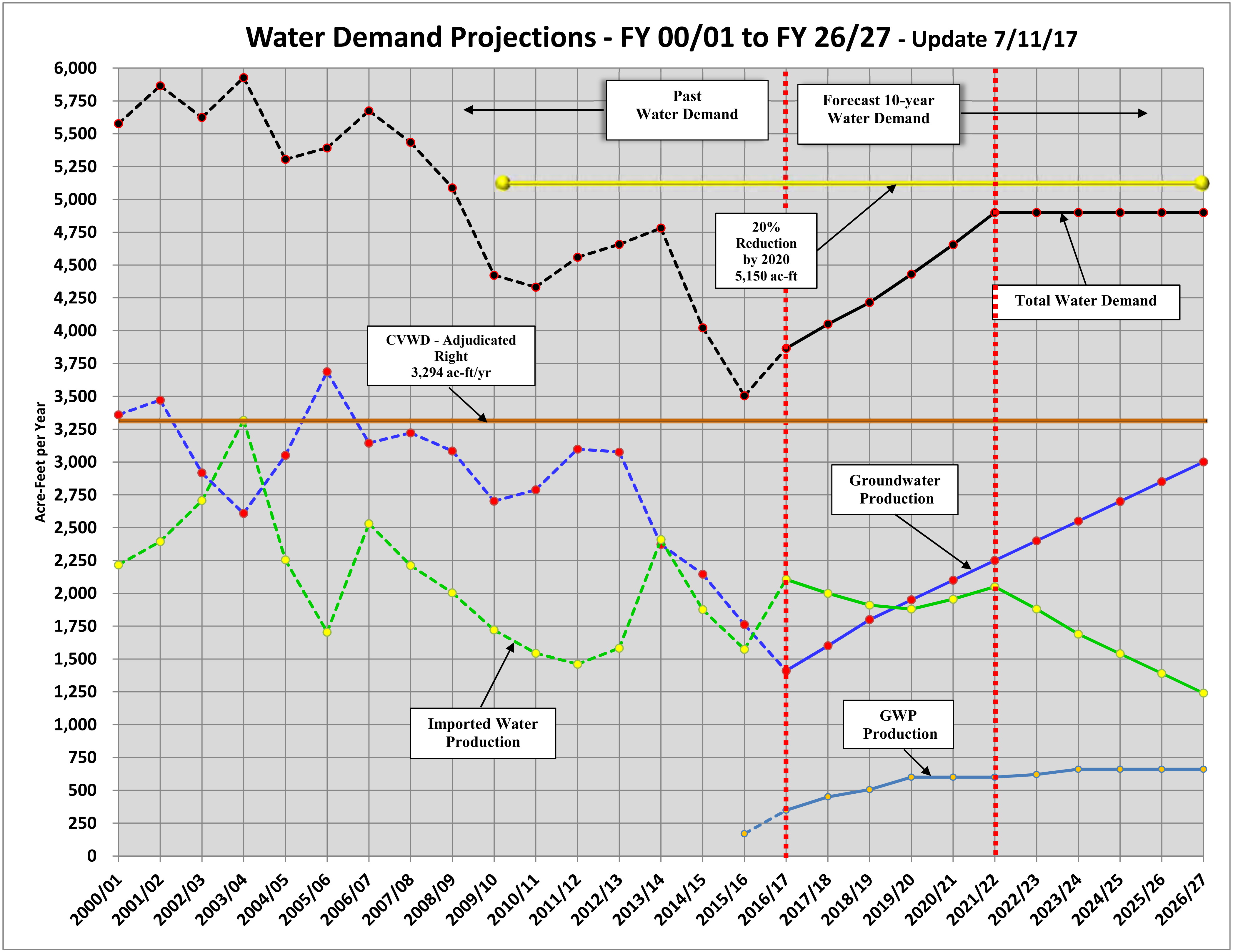
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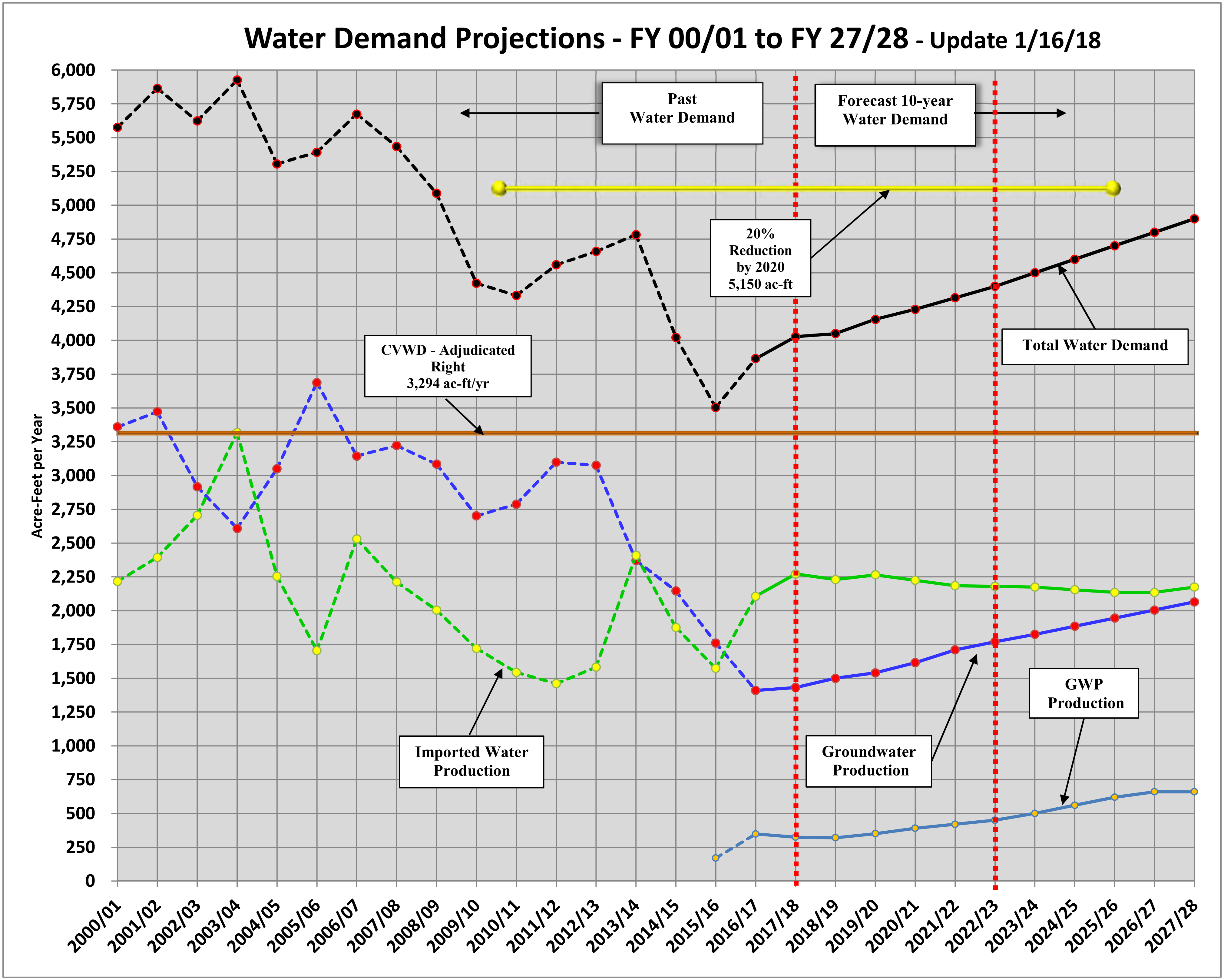

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2027/28

Automated Meter Infrastructure (AMI)

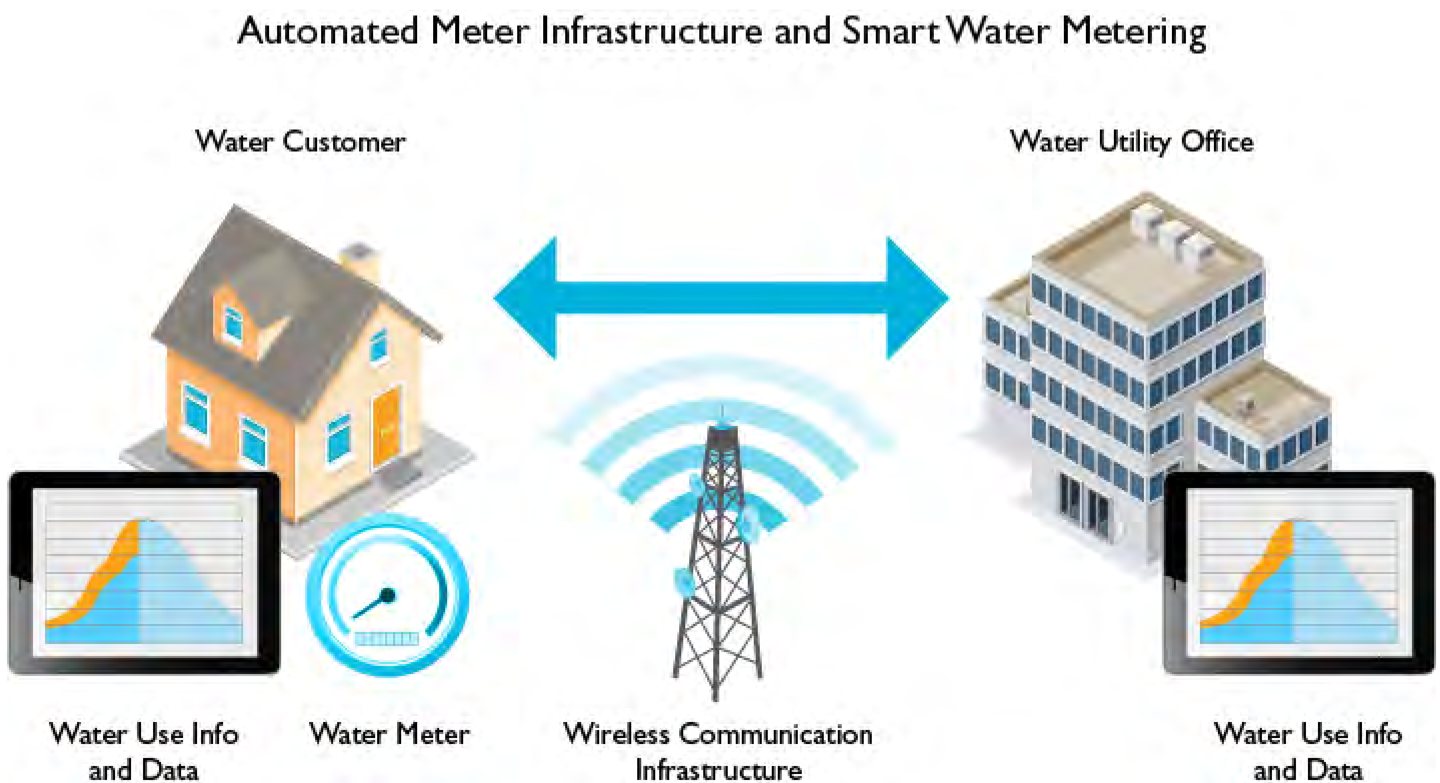
Crescenta Valley Water District

January 18, 2018

AMI - Goals

1. <u>Benefits to CVWD</u>
   a) Read meters on a monthly basis instead of every 2 months
   b) Increase cash flow with monthly billing for all accounts
   c) Real-time billing information & reduce estimating
   d) Re-purpose Water Meter Reader position to Utility Worker
   e) Water Budget Based Billing
   f) Overall Savings to District
2. <u>Customer Outreach</u>
   a) Communicate with customers about leaks or over/under water usage
   b) Customer ability to conserve through real-time water use
   c) Reduce billing disputes
   d) Information accessibility
3. <u>Customer Concerns</u>
   a) Loss of privacy
   b) Fear of Electronic Devices
4. <u>Water Loss</u>
   a) Actuate data to reduce water loss
   b) Ability to monitor tampering or theft
5. <u>Hydraulic Modeling & SCADA</u>
   a) Reduce power cost for pumping
   b) Determine where high flow areas are located and optimal locations for pipeline replacement
6. <u>Future Use</u>
   a) Remotely turn off meters
   b) Restricting water flow
   c) Acoustic water leak detection

AMI – Components



Smart Meters

Communication

Data Management System

AMI – Smart Meters

Meter Size	Total No. of Water Meters	No. of Water Meters replaced with Smart Meter	No. of Water Meters to be Replaced	No. of Water Services & Meters to be Replaced	No. of Water Services & Meters to be Replaced as part of Pipeline Project	Revised No. of Water Meters to be Replaced
3/4-inch	6,984	4,813	2,171	259	156	1,756
1-inch	830	381	449	2	0	447
1-1/2-inch	148	0	148	2	0	146
2-inch	65	14	51	1	0	50
3-inch	28	4	24	0	0	24
4-inch	2	0	2	0	0	2
Fire Services	105	0	0	0	0	0
Total	8,162	5,212	2,845	264	156	2,425

Note:

1. Fire Services not included in Water Meter Replacment Program

- Started Water Meter Replacement Program – Oct 2012
- Avg. replacement of 1,000 meters per year
- Replaced meters installed between 1976 and 2000
- Replaced meters within Zones 6 – 11
- Decrease in water loss from 11% to 7.5%
- Total Cost $915,000 over 6-years - $152,500/year (not including labor)

AMI – Smart Meters

1-1/2" to 4" Meter Replacement										
Meter Size	No. of Meters	Replacement Meter	Meter Company, Model & Size							
			Actaris 1.55	Invensys Invensys1.55	Master Master 1.55	Precision Precision 1.55	Rockwell Rockwell 1.55	Sensus Sensus 1.55	OMNI (Sensus) T2-1.55 (Turbo)	OMNI (Sensus) C2-1.55 (Compound)
1-1/2"	148	OMNI (Sensus) C2-1.55	8	63	5	11	12	32	6	10
			Actaris Actaris25	Invensys Invensys25	Octave (Master Meter) O2-2.5	Precision Precision25	Sensus Sensus25	Sensus C2-2.5		
2"	66	Octave (Master Meter) O2-2.5	3	5	14	27	9	8		
			Actaris Actaris35	Invensys Invensys35	Octave (Master Meter) O3.5	Precision Precision35	Sensus Sensus35	Sensus C2-3		
3"	28	Octave (Master Meter) O3.5	7	1	4	3	1	12		
			McCrometer McCrometer4.5	OMNI (Sensus) C2-4						
4"	2	Octave (Master Meter) O4.5	1	1						
Total	244									

- Clean & Survey Meter Boxes
- Determine if can be tied to AMI
- Replace Meter Box Lids
- Cost Estimate
- Schedule

AMI – Smart Meters

Meter Box Lids

- Survey – 16 different lids & sizes
- Need to Replace 7,637 meter lids
- Replace Lids with Radio Transceivers
- Metal Lids – Interfere with Radio?

Example of Survey of Existing Meter Box Lid Sizes and Manufacturers

ID No.	No. of Lids	Meter Box # or Model	Manuf.	Concrete Lid	Curve-shape Lid	Square-shape Lid	Lid covers all of Box	Lid fits inside Box	Metal Lid	Curve-shape Lid	Square-shape Lid	Lid covers all of Box	Lid fits inside Box
1	5	W3	J & R	1	0	1	0	1	4	0	4	0	4
2	6	W3-1/2	J & R	5	0	5	0	5	1	0	1	0	1
3	262	W-4.0	J & R	234	230	4	0	234	28	28	0	0	28
4	239	W-4-1/4	J & R	200	4	196	1	199	39	2	38	2	38
5	436	W5-1/4	J & R	412	4	408	2	410	24	0	24	9	15
6	110	W5-1/2	J & R	3	0	3	3	0	107	4	104	100	8
7	3	W6B	J & R	3	0	3	0	3	0	0	0	0	0
8	1	3	H & C	1	0	1	0	1	0	0	0	0	0
9	59	433	H & C	59	57	2	0	59	0	0	0	0	0
10	150	437	H & C	141	3	138	0	141	9	0	9	0	9
11	9	438	H & C	8	0	8	0	8	1	0	1	0	1
12	4	No. 3	Brooks	2	2	0	0	2	2	0	2	0	2
13	16	No. 36	Brooks	13	4	9	0	13	3	0	3	0	3
14	268	No. 37	Brooks	221	5	216	0	221	47	1	46	1	46
15	3	No. 38	Brooks	1	0	1	0	1	2	0	2	1	1
16	542	No. 33	Brooks	505	475	30	0	505	37	36	1	1	36
Total	2113			1809	784	1025	6	1803	304	71	235	114	192

AMI – Smart Meters

- Radio Transceiver
- Types
  - Sensus – 520M single port - $145/each
    - Reads additional data from IPERL Meter
    - Installed under meter lid
  - Aclara – MTU - $95/each
    - Reads basic data
    - Pit/vault installation under non-metallic lid or under metallic lid using through-the-lid remote antenna

AMI – Smart Meters

Steps to complete installation of Smart Meter

- Install ¾-inch & 1-inch meters in Zones 1 – 5
- Survey and Install 1-½ -inch to 4-inch meters
- Install New Meter Lids with Radio Transceivers
- Programing each Radio Transceiver

AMI – Communications

- **Fixed Area Network** – Communication network between water meter and CVWD
  - Fixed Area Network maintained by CVWD
  - Fixed Area Network maintained by Vendor
- **Collection of data – Radio or Cellular**
  - Propagation Study
    - Aclara
    - Sensus
  - Remote Collection devices
    - Sensus – 2 to 3 collectors, Sites - TBD
    - Aclara – 12 sites on Reservoirs
  - Radio – Frequency
  - Cellular – Data Plan
- **Storing data – Where? Cost?**
- **Access to data – How?**
- **Vendors**
  - Sensus – FlexNet – Annual Fee - $52,000/yr (1,500 portals)
    - M400 TGB Collector; FCC license;
  - Aclara – Star Fixed Network – Annual Fee - $65,000/yr
    - Data collector units – Lease; Cellular
  - Neptune – R900
  - ARAD Group – Dialog3G
  - Master Meter - Harmony

AMI – Data Management System

Data Management System Software

- **Vendors:**
  - Water Smart
  - Aqua Hawk
  - Sensus
  - Aclara
- **Access a Portal on website** :
  - Detailed analysis of their water use and money-saving recommendations
  - See what time of day water use occurs
  - Estimate gallons used per day
- **Alerts via text, email and/or voice for:**
  - Leaks
  - High or low water use
  - Customer set high water use triggers
  - Emergencies
- **Analytics and reporting water usage:**
  - Analysis customer data based on customer class
  - Use data for water budget based billing
  - Increase communications to customers
- **Billing**
  - Upgrade of Springbrook system
  - Vendors can provide billing services

AMI – Data Management System

Next Steps – Data Management

- Meet with Vendors
- Develop Scope of Work
- Determine Initial Cost for Budgeting
- Project Schedule
- Determine Annual Maintenance Cost

Next Steps - Utility Billing

- Meet with Springbrook to find out steps for monthly billing
- Determine Initial Cost for Budgeting
- Project Schedule
- Determine Annual Maintenance Cost
- Complete the middleware billing project to reduce Data pro costs

Next Steps - Water Budget Based Rates

- Bring in data from LA County
- Review methodology
- Project Schedule
- Project Costs

AMI – Pilot Study

- **Initial Set up & Cost**
  - Example from Sensus (Aqua Metric)
    - 500 Smart points – CVWD
    - M400 collection – no charge for 6 months
    - Communication link & cellular device – CVWD
    - Software Initial Cost - $46,000 for 1,500 customer portal
    - Other Costs - about $20,000
- **Advantage**
  - Set up for a pressure zone or control (Zone 11 with 283 meters or Control 1 with about 2,500 meters)
  - Determine location of data collectors
  - Initial start up on data management and coordinating with Springbrook
- **Disadvantage**
  - Study for 6-months
  - If after 6-months, either buy equipment/software or start over with another vendor

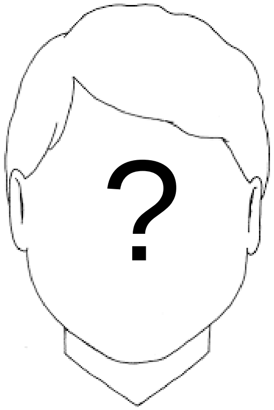
AMI – Go Live

Review different scenarios based on costs for equipment, software, integration, installation & project schedule to ***Go Live***

- Scenario 1 - January, 2019 (12 months)
- Scenario 2 - July 2019 (18 months)
- Scenario 3 - January 2020 (24 months)
- Scenario 4 - July 2020 (30 months)

AMI – Go Live

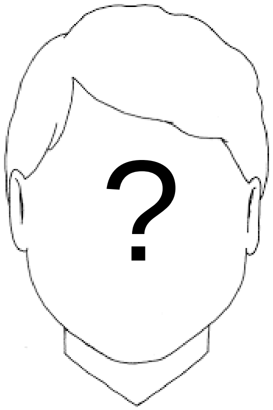
- **Scenario 1 – Go Live by January 2019**
  - Budget FY 18/19
  - Smart Meters – **By Oct. 2018**
    - Install ¾" & 1" meters – 2,203 meters (CVWD or Contractor)
    - Survey & install 1-½" to 4" meters – 244 meters (CVWD or Contractor)
    - Survey & install new lids & radio transceivers - 7,813 lids (Contractor)
    - Schedule replace laterals & pipelines over next 5-yrs – 420 meters
  - Fixed Area Network – **By Nov. 2018**
    - Choose Vendor & Scope of Work *(Apr 2018)*
    - Install Remote Collection devices (CVWD or Contractor) *(Oct 2018)*
    - Programing & integration *(Oct 2018)*
    - Testing & Training *(Nov 2018)*
  - Data Management System – **By Dec. 2018**
    - Choose Vendor & Scope of Work *(Mar 2018)*
    - Programing & integration *(Nov 2018)*
    - Upgrade Billing System *(Nov 2018)*
    - Testing *(Nov-Dec 2018)*
    - Training *(Dec 2018)*
  - Public Outreach – **By Aug. 2018**
    - Public Meetings & Input *(June 2018)*
    - AMI & Opt-out Policy – Board *(July 2018)*
    - Communication – Customers *(Aug 2018)*



Project Manager

AMI – Go Live

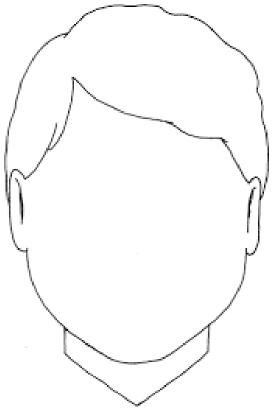
- **Scenario 2 – Go Live by July 2019**
  - Budget FY 18/19
  - Smart Meters – **By April 2019**
    - Install ¾” & 1” meters – 2,203 meters; about 35 meters/week (CVWD)
    - Survey & install 1-½” to 4” meters – 244 meters (CVWD survey; Contractor Install)
    - Install new lids & radio transceivers - 7,813 lids (Contractor)
    - Schedule replace laterals & pipelines over next 5-yrs – 420 meters
  - Fixed Area Network – **By May 2019**
    - Choose Vendor & Scope of Work *(Oct 2018)*
    - Install Remote Collection devices (CVWD or Contractor) *(Mar 2019)*
    - Programing & integration *(Mar 2019)*
    - Testing & Training *(April 2019)*
  - Data Management System – **By June 2019**
    - Choose Vendor & Scope of Work *(Oct 2018)*
    - Programing & integration *(Mar 2019)*
    - Upgrade Billing System *(Mar 2019)*
    - Testing *(Apr 2019)*
    - Training *(May 2019)*
  - Public Outreach – **By Mar 2019**
    - Public Meetings & Input *(Nov 2018)*
    - AMI & Opt-out Policy – Board *(Feb 2019)*
    - Communication – Customers *(Mar 2019)*



Project Manager

AMI – Go Live

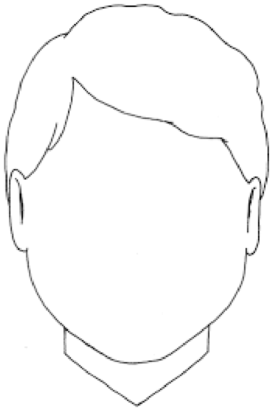
- **<u>Scenario 3 – Go Live by January 2020</u>**
  - Budget FY 18/19 & FY 19/20
  - Smart Meters – **By Oct 2019**
    - Install ¾" & 1" meters – 2,203 meters; about 25 meters/week (CVWD)
    - Survey & install 1-½" to 4" meters – 244 meters (CVWD)
    - Install new lids & radio transceivers - 7,813 lids (CVWD or Contractor)
    - Schedule replace laterals & pipelines over next 5-yrs – 420 meters
  - Fixed Area Network – **By Nov 2019**
    - Choose Vendor & Scope of Work *(Nov 2018)*
    - Install Remote Collection devices (CVWD or Contractor) *(Sept 2019)*
    - Programing & integration *(Sept 2019)*
    - Testing & Training *(Oct 2019)*
  - Data Management System – **By Dec. 2019**
    - Choose Vendor & Scope of Work *(Nov 2018)*
    - Programing & integration *(July 2019)*
    - Upgrade Billing System *(Aug 2019)*
    - Testing *(Sept 2019)*
    - Training *(Oct 2019)*
  - Public Outreach – **By Aug. 2019**
    - Public Meetings & Input *(Jan 2019)*
    - AMI & Opt-out Policy – Board *(Apr 2019)*
    - Communication – Customers *(Aug 2019)*



Project Manager by Committee

AMI – Go Live

- **Scenario 4 – Go Live by July 2020**
  - Budget FY 18/19 & FY 19/20
  - Smart Meters – **By April 2020**
    - Install ¾" & 1" meters – 2,203 meters; about 35 meters/week (CVWD)
    - Survey & install 1-½" to 4" meters – 244 meters (CVWD)
    - Install new lids & radio transceivers - 7,813 lids (CVWD)
    - Schedule replace laterals & pipelines over next 5-yrs – 420 meters
  - Fixed Area Network – **By May 2020**
    - Choose Vendor & Scope of Work *(Jan 2019)*
    - Install Remote Collection devices (CVWD or Contractor) *(Mar 2020)*
    - Programing & integration *(Mar 2020)*
    - Testing & Training *(April 2020)*
  - Data Management System – **By June 2020**
    - Choose Vendor & Scope of Work *(Jan 2019)*
    - Programing & integration *(Feb 2020)*
    - Upgrade Billing System *(Feb 2020)*
    - Testing *(Mar 2020)*
    - Training *(Apr 2020)*
  - Public Outreach – **By Mar 2020**
    - Public Meetings & Input *(Nov 2020)*
    - AMI & Opt-out Policy – Board *(Feb 2020)*
    - Communication – Customers *(Mar 2020)*



Project Manager by Committee

AMI – Preliminary Cost Estimate

Preliminary Cost Estimate For Implementation of AMI Program					
Smart Meters	**No of Meters**	**Cost/ Meter**	**Labor/ Meter**		**Total**
Smart Meters - 3/4" Meter	1,756	$165			$289,740
Smart Meters - 1" Meter	447	$240			$107,280
Smart Meters - 1-1/2" Meter	148	$1,000			$148,000
Smart Meters - 2" Meter	66	$1,700			$112,200
Smart Meters - 3" Meter	28	$3,500			$98,000
Smart Meters - 4" Meter	2	$5,000			$10,000
Subtotal					$765,220
Contingency				20%	$153,044
Smart Meters - Total	**2,447**				**$918,264**
Meter Lids & Radio Transceivers	**No of Meters**	**Cost/ Lid**	**Cost/ Collect**	**Labor/ Lid**	**Total**
Meter Lids - 3/4" & 1" Meters	7,393	$60	$145		$1,515,565
Meter Lids - 1-1/2" & 2" Meters	214	$100	$145		$52,430
Meter Lids - 3" & 4" Meters	30	$250	$145		$11,850
Subtotal					$1,579,845
Contingency				20%	$315,969
Meter Lids & Radio Transceivers - Total	**7,637**				**$1,895,814**

AMI – Preliminary Cost Estimate

Fixed Area Network	**No. of Units**	**Cost/ Unit**	**Labor/ Unit**	**Annual Fee**	**Total**
Vendor - Services for Programing & Integration					$115,000
License or Network Fee (Annual Cost)				$60,000	
Data Collection Units (1)	3	$35,000			$105,000
Data Hosting - Set up					$6,000
Other programing & testing					$10,000
Training					$5,000
Subtotal					$241,000
Contingency				20%	$48,200
Fixed Area Network - Total				**$60,000**	**$289,200**
Data Management System				**Annual Fee**	**Total**
Vendor - Services for Programing & Integration					$85,000
License or Network Fee (Annual Cost)				$40,000	
Upgrading Billing System					$7,500
Middleware					$9,500
Testing					$5,000
Training					$10,000
Subtotal					$117,000
Contingency				20%	$23,400
Data Management System - Total				**$40,000**	**$140,400**

AMI – Preliminary Cost Estimate

Crescenta Valley Water District					
Preliminary Cost Estimate For Implementation of AMI Program					
				Annual Fee	Total
Smart Meters - Total					$918,264
Meter Lids & Radio Transceivers - Total					$1,892,862
Fixed Area Network - Total				$60,000	$289,200
Data Management System - Total				$40,000	$140,400
Subtotal					$3,240,726
Contingency				20%	$648,145
AMI - Total				$100,000	$3,888,871

AMI – Preliminary Cost Estimate

Preliminary Cost Estimate For Improvements Not Included					
	No. of Laterals	Avg. Cost/Lateral - Contractor	Avg. Cost/Lateral - Paving	Avg. Cost/ Lateral - Materials	Total Cost
Replacement of Water Service Laterals	**264**	**$5,000**	**$2,500**	**$1,500**	**$2,376,000**
Block/Street	**Meters to be Replaced**	**Length**	**Contractor Cost**	**Cost/LF**	**Total Const. Cost**
2400/2500 Janet Lee	34	1,150	$339,250	$295.00	$469,800
2400/2500 Upper Terrace	27	1,000	$281,750	$281.75	$400,000
2400/2500 Frances	34	1,150	$339,250	$295.00	$466,500
2400/2500 Teasley	36	1,200	$354,200	$295.17	$484,000
3000 Alabama	25	800	$234,600	$293.25	$350,000
Pipeline Total	**156**	**5,300**	**$1,549,050**	**$292.27**	**$2,170,300**
Total					**$4,546,300**

AMI – Cost Analysis

Table 9 - Cumulative Gain in Revenue over 10-year Period

Fiscal Year	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Water Projections	4,100	4,200	4,300	4,400	4,500	4,700	4,800	4,900	5,000	5,200
Commodity Charge - $/Kgal	$6.10	$6.60	$7.09	$7.43	$7.43	$7.43	$7.43	$7.43	$7.43	$7.43
Estimate % Shrinkage (current)	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Estimate Water Loss (current) (ac-ft)	328	336	344	352	360	376	384	392	400	416
Estimate Water Loss Revenue (current)($)	$652,005	$722,654	$794,789	$852,273	$871,642	$910,382	$929,752	$949,122	$968,492	$1,007,231
Estimate % Shrinkage with WMR	6%	5%	4%	4%	4%	4%	4%	4%	4%	4%
Estimate Water Loss with WMR (ac-ft)	246	210	172	176	180	188	192	196	200	208
Estimate Water Loss Cost Revenue WMR ($)	$489,004	$451,659	$397,394	$426,136	$435,821	$455,191	$464,876	$474,561	$484,246	$503,616
Gain in Water Use Recorded (ac-ft)	82	126	172	176	180	188	192	196	200	208
Gain in Revenue ($)	$163,001	$270,995	$397,394	$426,136	$435,821	$455,191	$464,876	$474,561	$484,246	$503,616

Payback Period		Payback Period	
Cumulative Gain in Revenue over 10-year F	$4,075,838	Cumulative Gain in Revenue over 10-year Perioc	$4,075,838
Cost to install AMR System without the 700 Yoke Assemblies	*$1,337,880*	Cost to install AMR System with the 700 Yoke Assemblies	*$6,700,000*
Cost to install AMI System	*$775,000*	Cost to install AMI System	*$775,000*
Total - Cost to install AMR/AMI System without the 700 Yoke Assemblies	$2,112,880	Total - Cost to install AMR/AMI System with the 700 Yoke Assemblies	$7,475,000
Payback Period (Years)	5.2	Payback Period (Years)	18.3

- Analysis done in 2015
- Needs to be updated with FY 17/18 data
- 10-yr period – 17/18 – 27/28

AMI – Summary

- Total Preliminary Cost Estimate does not include additional labor or contractors which will increase costs depending on scenario
- Scenario 1 – will be difficult and will need a designated project manager
- Scenario 2 – Possible to complete; maybe move go live date to Oct. 2019.
- Scenario 3 – Reasonable to complete on time
- Scenario 4 – Reasonable and will allow more time to work any problems.
- Need to update Cost Analysis with better approximation of water loss

Capital Improvement Project Program FY 17-18 Budget - Update 1/18/18	E-Job	Recorded FY 16/17	Carryover from FY 16/17 to FY 17/18	Budget FY 17/18	Total Project Budget FY 17/18	Cost to date 7/1/17 - 12/31/17	Cost Committed - 1/01/18 - 6/30/18	Cost Remaining for FY 17/18	Project Total Cost for FY 17/18	Carryover from FY 17/18 to FY 18/19
1. Water Supply										
A. Groundwater										
i. Well Rehabilitation										
Well 7 Rehabilitation		$ -	$ -							
Well 8 Rehabilitation	*E-979*	$ 44,385	$ -							
Well 5 Rehabilitation	*E-983*			$ 60,000	$ 60,000	$ 69,388	$ -	$ (9,388)	$ 69,388	$ -
Well 10 Rehabilitation	*E-987*			$ 85,000	$ 85,000	$ 4,177	$ 68,250	$ 12,573	$ 72,427	$ -
ii. New Wells										
Re-Activate Well 2 - Design		$ 101,394	$ -	$ 160,300	$ 160,300	$ 101,560	$ 58,740		$ 160,300	$ -
Re-Activate Well 2 - Construction		$ 189,960	$ 530,040	$ 880,000	$ 1,410,040	$ 254,797	$ 1,367,000	$ (211,757)	$ 1,621,797	$ 274,800
iii. Studies										
Update Water Well Replacement Study										
B. Imported Water										
Ocean View Chlorination St (Grant - Matching Funds)	E-733CS-2	$ 4,464								
Ocean View - Equip. (Grant - Matching Funds)	E-733CS-3	$ 40,567								
Ocean View - Elect (Grant - Matching Funds)	E-733CS-4	$ 30,356								
Ocean View - Final	E-733CS-5	$ 58,073	$ -	$ -	$ -	$ 13,394	$ 50,306	$ (63,700)	$ 63,700	$ -
C. Groundwater Basin Recharge										
Storm Water Recharge Study (Grant - Matching Funds)	*M-903A*	$ 54,286	$ -	$ -	$ -					
Stormwater Recharge Project - Design	*E-985*			$ -	$ -	$ 1,879	$ 34,321	$ (36,200)	$ 36,200	$ -
Stormwater Recharge Project - Construction										
WS Total		$ 523,485	$ 530,040	$ 1,185,300	$ 1,715,340	$ 445,195	$ 1,578,617	$ (308,472)	$ 2,023,812	$ 274,800
2. Water Storage										
A. Reservoir Rehabilitation										
i. Steel Reservoir Re-Coating/Roof/Vents Rehabilitation										
Oak Creek #1 & #2 - Roof/Air Vents/Recoat	*E-970*	$ 13,689	$ 306,310	$ 594,000	$ 900,310	$ 36,550	$ 944,850	$ (81,090)	$ 981,400	$ -
ii. Concrete Reservoir Rehabilitation										
iii. Corrosion Protection										
iv. Overflow & Drain System Upgrade										
B. Reservoir Water Quality										
i. Water Mixing System										
iv. Replace common inlet and outlet piping										
C. New Reservoir Water Storage										
WS Total		$ 13,689	$ 306,310	$ 594,000	$ 900,310	$ 36,550	$ 944,850	$ (81,090)	$ 981,400	$ -

Revised Date: 1/16/2018

Capital Improvement Project Program FY 17-18 Budget - Update 1/18/18	E-Job	Recorded FY 16/17	Carryover from FY 16/17 to FY 17/18	Budget FY 17/18	Total Project Budget FY 17/18	Cost to date 7/1/17 - 12/31/17	Cost Committed - 1/01/18 - 6/30/18	Cost Remaining for FY 17/18	Project Total Cost for FY 17/18	Carryover from FY 17/18 to FY 18/19
3. Water Distribution										
A. Pipeline Replacement										
Lower Pickens Canyon Crossing & Slope - 600 LF	*E-957*	$ 494,936	$ 60,000	$ -	$ 60,000	$ 76,986	$ 8,500	$ (25,486)	$ 85,486	$ -
4200 - 4400 Block - Penn - 1,450 LF	*E-972*	$ 214,527	$ 225,000	$ -	$ 225,000	$ 216,478	$ 8,500	$ 22	$ 224,978	$ -
2700 Block - Brookhill - 800 LF	*E-982*			$ 220,000	$ 220,000	$ 11,282	$ 264,280	$ (55,562)	$ 275,562	$ -
5100 Block of La Crescenta - 400 LF	*E-982*			$ 100,000	$ 100,000	$ 5,128	$ 120,130	$ (25,258)	$ 125,258	$ -
3000 Block of Brookhill - 800 LF	*E-982*			$ 220,000	$ 220,000	$ 11,282	$ 264,280	$ (55,562)	$ 275,562	$ -
3100 Block of Brookhill - 800 LF	*E-982*			$ 220,000	$ 220,000	$ 11,282	$ 264,280	$ (55,562)	$ 275,562	$ -
B. New Pipelines										
C. Booster Pump System										
i. Annual Pump /Motor Replacement										
Booster 12 at Markridge		$ 31,086	$ -							
Boosters - Encinal B & C				$ 45,000	$ 45,000	$ -	$ -	$ 45,000	$ -	$ -
ii. Pump Station Upgrade										
iii. VFD Pump Upgrade										
iv. MCC Replacement										
i. Water Surge Control										
ii. Street/Utility/ Meter Adjustment & Upgrade										
iii. Misc.										
Repairs to Ramsdell Mixing Station	*E-977*	$ 34,602	$ 51,000	$ -	$ 51,000	$ 42,633	$ 75,000	$ (66,633)	$ 117,633	$ -
WD Total		$ 1,037,650	$ 336,000	$ 805,000	$ 1,141,000	$ 375,071	$ 1,004,970	$ (239,041)	$ 1,380,041	$ -
4. Water Treatment										
A. Nitrate Removal										
i. Glenwood										
iii. Ordunio										
B. Chlorine Disinfection										
C. Convert to Chloramines										
F. MTBE Removal										
WT Total		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5. Technology										
A. Automated Meter Information (AMI) System										
B. Supervisory Control and Data Acquisition (SCADA) System										
SCADA RTU Replace - Equipment & Integration	*E-939*	$ 140,054	$ 61,000	$ -	$ 61,000	$ 13,193	$ 75,000	$ (27,193)	$ 88,193	$ -
TECH Total		$ 140,054	$ 61,000	$ -	$ 61,000	$ 13,193	$ 75,000	$ (27,193)	$ 88,193	$ -

Capital Improvement Project Program FY 17-18 Budget - Update 1/18/18	E-Job	Recorded FY 16/17	Carryover from FY 16/17 to FY 17/18	Budget FY 17/18	Total Project Budget FY 17/18	*Cost to date 7/1/17 - 12/31/17*	*Cost Committed - 1/01/18 - 6/30/18*	Cost Remaining for FY 17/18	Project Total Cost for FY 17/18	Carryover from FY 17/18 to FY 18/19
6. Public Safety/Emergency Response										
A. Emergency Electrical Generators										
B. Water Storage										
Dunsmore/Pickens - Seismic Sensors & Valve Actuators	*E-976*	$ 71,886	$ 25,000	$ -	$ 25,000	$ -	$ -	$ 25,000	$ -	$ -
SF/ER Total		$ 71,886	$ 25,000	$ -	$ 25,000	$ -	$ -	$ 25,000	$ -	$ -
7. Facilities & Planning										
A. Main Office										
B. Glenwood Plant										
D. Reservoir Site Improvements										
F & P Total		$ 68,368	$ -	$ -	$ -					
Capital Improvement Projects - Total		$ 1,855,132	$ 1,258,350	$ 2,584,300	$ 3,842,650	$ 870,010	$ 3,603,437	$ (630,796)	$ 4,473,446	$ 274,800

Capital Improvement Project Program FY 17-18 Budget - Update 1/18/18	E-Job	Recorded FY 16/17	Carryover from FY 16/17 to FY 17/18	Budget FY 17/18	Total Project Budget FY 17/18	*Cost to date 7/1/17 - 12/31/17*	*Cost Committed - 1/01/18 - 6/30/18*	Cost Remaining for FY 17/18	Project Total Cost for FY 17/18	Carryover from FY 17/18 to FY 18/19
FY 17/18 Capital Improvement Project Summary										
1. Water Supply		$ 523,485	$ 530,040	$ 1,185,300	$ 1,715,340	$ 445,195	$ 1,578,617	$ (308,472)	$ 2,023,812	$ 274,800
2. Water Storage		$ 13,689	$ 306,310	$ 594,000	$ 900,310	$ 36,550	$ 944,850	$ (81,090)	$ 981,400	$ -
3. Water Distribution		$ 1,037,650	$ 336,000	$ 805,000	$ 1,141,000	$ 375,071	$ 1,004,970	$ (239,041)	$ 1,380,041	$ -
4. Water Treatment		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5. Technology		$ 140,054	$ 61,000	$ -	$ 61,000	$ 13,193	$ 75,000	$ (27,193)	$ 88,193	$ -
6. Public Safety/Emergency Response		$ 71,886	$ 25,000	$ -	$ 25,000	$ -	$ -	$ 25,000	$ -	$ -
7. Facilities & Planning		$ 68,368	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Improvement Projects - Total		$ 1,855,132	$ 1,258,350	$ 2,584,300	$ 3,842,650	$ 870,010	$ 3,603,437	$ (630,796)	$ 4,473,446	$ 274,800
Budget Shortfall				$ (630,796)						
Well 2 Project - Transfer from MTBE Fund	E-956			$ 500,000						
Brookhill Pipeline - Transfer from Water Reserves	E-982			$ 175,000						
Oak Creek Rehab - Transfer from Water Reservices	E-970			$ 90,000						
Total				$ 765,000						
Revised Budget				$ 134,204						

Capital Improvement Project Program FY 18-19 Budget	Recorded FY 16/17	Carryover from FY 16/17	Projected FY 17/18	Carryover from FY 17/18	Budget FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
1. Water Supply									
A. Groundwater									
i. Well Rehabilitation									
Well 7 Rehabilitation	$ -								
Well 8 Rehabilitation	$ 44,385								
Well 5 Rehabilitation			$ 69,388	$ -					
Well 10 Rehabilitation			$ 72,427	$ -					
Well 7 Rehabilitation					$ 75,000				
Well 11 Rehabilitation					$ 75,000				
Well 14 Rehabilitation					$ 75,000				
Well Rehabilitation (2 Wells per year)						$ 150,000	$ 200,000	$ 200,000	$ 200,000
ii. New Wells									
Re-Activate Well 2 - Design	$ 90,601		$ 160,300						
Re-Activate Well 2 - Construction	$ 189,960	$ 530,040	$ 1,621,797	$ 274,800					
Well 18 (Sycamore House) - Design							$ 175,000		
Well 18 (Sycamore House) - Construction								$ 1,575,000	
iii. Studies									
Update Water Well Replacement Study						$ 100,000			
Pilot Hole Study (Drill 5 pilot holes)									$ 315,000
B. Imported Water									
Ocean View Chlorination St (Grant - Matching Funds)	$ 4,464								
Ocean View - Equip. (Grant - Matching Funds)	$ 40,567								
Ocean View - Elect (Grant - Matching Funds)	$ 30,356								
Ocean View - Final	$ 58,738		$ 63,700	$ -					
C. Groundwater Basin Recharge									
Storm Water Recharge Study (Grant - Matching Funds)	$ 61,862								
Stormwater Recharge Project - Design			$ 36,200	$ -	$ 150,000				
Stormwater Recharge Project - Construction						$ 1,500,000	$ 1,500,000	$ 500,000	
D. Recycled Water System									
i. Recycled Water									
ii. Membrane Bioreactor Technology									
WS Total	$ 520,933	$ 530,040	$ 2,023,812	$ 274,800	$ 375,000	$ 1,750,000	$ 1,875,000	$ 2,275,000	$ 515,000

Capital Improvement Project Program FY 18-19 Budget	Recorded FY 16/17	Carryover from FY 16/17	Projected FY 17/18	Carryover from FY 17/18	Budget FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
2. Water Storage									
A. Reservoir Rehabilitation									
i. Steel Reservoir Re-Coating/Roof/Vents Rehabilitation									
Oak Creek #1 & #2 - Roof/Air Vents/Recoat	$ 13,689	$ 306,310	$ 981,400	$ -					
Markridge - Roof/Air Vents/Recoat						$ 500,000			
Rosemont - Roof/Air Vents/Recoat							$ 500,000		
Eagle Canyon - Roof/Air Vents/Recoat								$ 600,000	
Edmund #2 - Roof/Air Vents/Recoat									$ 600,000
ii. Concrete Reservoir Rehabilitation									
Encinal Reservoir - Concrete Rehabilitation					$ 125,000				
iii. Corrosion Protection									
Cathodic Protection Inspection & Replacement							$ 110,000		
iv. Overflow & Drain System Upgrade									
Overflow/Drain System Assessment Study						$ 50,000			
B. Reservoir Water Quality									
i. Water Mixing System									
Reservoir Water Quality & Mixing System Study							$ 125,000		
iv. Replace common inlet and outlet piping									
Reservoir Piping Technical Study (included with WQ & Mix Study)							$ 50,000		
C. New Reservoir Water Storage									
Ocean View #2 Reservoir (Top of Ocean View) - Feasibility Study						$ 75,000			
WS Total	$ 13,689	$ 306,310	$ 981,400	$ -	$ 125,000	$ 625,000	$ 785,000	$ 600,000	$ 600,000
3. Water Distribution									
A. Pipeline Replacement									
2600 Block - Harmony Place - 450 LF	$ 47,080								
3900 Block - Park Place - 450 LF	$ 47,080								
3900 Block - Glenwood - 650 LF	$ 47,080								
2800 Block - Prospect & 4400 Block - Glenwood - 800 LF	$ 121,259								
Lower Pickens Canyon Crossing & Slope - 600 LF	$ 534,110	$ 60,000	$ 85,486						
4200 - 4400 Block - Penn - 1,450 LF	$ 176,460	$ 215,755	$ 224,978						
2700 Block - Brookhill - 800 LF			$ 275,562						
5100 Block of La Crescenta - 400 LF			$ 125,258						
3000 Block of Brookhill - 800 LF			$ 275,562						
3100 Block of Brookhill - 800 LF			$ 275,562						

Capital Improvement Project Program FY 18-19 Budget	Recorded FY 16/17	Carryover from FY 16/17	Projected FY 17/18	Carryover from FY 17/18	Budget FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
3200 & 3300 Blocks of Brookhill - 1,600 LF				$ -	$ 640,000				
2400 & 2500 Block of Janet Lee - 1,200 LF				$ -	$ 480,000				
Annual Pipeline Replacement - 3,000 LF						$1,250,000	$1,250,000	$1,500,000	$1,500,000
B. New Pipelines									
C. Booster Pump System									
i. Annual Pump /Motor Replacement									
Booster 12 at Markridge	$ 31,086								
Boosters - Encinal B & C			$ 45,000	$ -					
Boosters - Glenwood 32 & 33					$ 60,000				
Boosters - Paschall B						$ 75,000			
Boosters - Booster 26 at CH							$ 75,000		
Boosters - Ocean View B & Booster 25 at Markridge								$ 75,000	$ 75,000
ii. Pump Station Upgrade									
Upgrade Paschall Booster Station - Design & Construction					$ 75,000	$ 500,000			
Goss Canyon - New Booster Pump Station - Design & Construction							$ 75,000	$ 500,000	
iii. VFD Pump Upgrade									
iv. MCC Replacement									
MCC upgrade at Paschall - - Design & Construction					$ 75,000	$ 350,000			
MCC upgrade at Goss Canyon - Design & Construction							$ 100,000	$ 400,000	
MCC upgrade at Edmund #2									$ 100,000
D. Pressure Reducing Stations									
Pressure Reducing Station Preliminary Design Study							$ 25,000		
Upgrade PRS - Zone 4 to Zone 3								$ 45,000	
E. Miscellaneous Projects									
i. Water Surge Control									
Rehabilitation Surge Tank at Glenwood					$ 65,000				
Rehabilitation Surge Tank at Mills Plant									
Surge Analysis Study									$ 150,000
ii. Street/Utility/ Meter Adjustment & Upgrade									
iii. Misc.									
Repairs to Ramsdell Mixing Station	$ 34,602	$ 51,000	$ 117,700	$ 125,000					
Mills Plant - Aeration Tower Rehabilitation									
WD Total	$ 1,038,757	$ 326,755	$ 1,425,108	$ 125,000	$ 1,395,000	$ 2,175,000	$ 1,525,000	$ 2,520,000	$ 1,825,000

Revised Date: 1/16/2018

Capital Improvement Project Program FY 18-19 Budget	Recorded FY 16/17	Carryover from FY 16/17	Projected FY 17/18	Carryover from FY 17/18	Budget FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
4. Water Treatment									
A. Nitrate Removal									
i. Glenwood									
Replace Ion Exchange Resin at Glenwood								$ 500,000	
ii. Mills									
iii. Ordunio									
Replace Bio Remediation AroNite Media at Ordunio									$ 250,000
B. Chlorine Disinfection									
New Chlorination Station at Markridge Reservoir						$ 75,000			
Paschall & Pickens - New Chlorine Analyzer					$ 75,000				
Edmund #1 & Shields - Chlorine Analyzers							$ 40,000		
Goss Canyon #1 & #2 - Chlorine Analyzers								$ 40,000	
Cresta Hts #1 & #2 - Chlorine Analyzers									$ 50,000
C. Convert to Chloramines									
Conversion to Chloramination Disinfection Feasibility						$ 85,000			
D. New Federal and State Regulations									
E. Water Quality Studies									
F. MTBE Removal									
WT Total	$ -	$ -	$ -	$ -	$ 75,000	$ 160,000	$ 40,000	$ 540,000	$ 300,000
5. Technology									
A. Automated Meter Information (AMI) System									
Conversion of 3/4" & 1" meter					$ 240,000	$ 240,000			
Meter Box Lid Replacement & Radio Transceivers					$ 947,000	$ 947,000			
Conversion of Large Meters with Meter Box Lid & Radio Transceivers					$ 220,000	$ 220,000			
Install & Integration of AMR & Fix Area Network					$ 225,000	$ 229,000			
B. Supervisory Control and Data Acquisition (SCADA) System									
Wireless (Radio) Network for SCADA							$ 25,000	$ 25,000	
SCADA RTU Replace - Equipment & Integration	$ 139,955	$ 60,045	$ 88,193	$ -	$ 300,000	$ 400,000	$ 300,000		
C. Graphical Information System (GIS)									
TECH Total	$ 139,955	$ 60,045	$ 88,193	$ -	$ 1,932,000	$ 2,036,000	$ 325,000	$ 25,000	$ -
6. Public Safety/Emergency Response									
A. Emergency Electrical Generators									

Capital Improvement Project Program FY 18-19 Budget	Recorded FY 16/17	Carryover from FY 16/17	Projected FY 17/18	Carryover from FY 17/18	Budget FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
New Emergency Electrical Generator - Main Office					$ 75,000				
New Emergency Electrical Generator - Mills Plant								$ 150,000	
B. Water Storage									
Dunsmore/Pickens - Seismic Sensors & Valve Actuators	$ 71,886	$ 25,000	$ 25,000						
Ordunio - Seismic Sensors & Valve Actuators					$ 100,000				
Oak Creek #1 & #2 - Seismic Sensors & Valve Actuators						$ 125,000			
Encinal & Ocean View - Seismic Sensors & Valve Actuators								$ 125,000	
C. Security									
D. Miscellaneous									
SF/ER Total	$ 71,886	$ 25,000	$ 25,000	$ -	$ 175,000	$ 125,000	$ -	$ 275,000	$ -
7. Facilities & Planning									
A. Main Office									
Expansion with New Roof with Solar Panels						$ 150,000			
New Main Office Building - Design									$ 150,000
B. Glenwood Plant									
C. Mills Plant									
D. Reservoir Site Improvements									
Ordunio Reservoir - North Wall	$ 68,368								
Ocean View - Site Improvements					$ 100,000	$ 250,000			
Roof for Old Encinal - Storage Bldg					$ 175,000				
Pickens - Access Road Improvements							$ 100,000	$ 150,000	$ 350,000
Edmund #2 - Lower Access Road Improvements									$ 120,000
Goss Canyon - Site Improvements							$ 200,000		
Cresta Heights - Site & Road Improvements									$ 200,000
5. Misc. Properties									
6. District Planning									
F & P Total	$ 68,368	$ -	$ -	$ -	$ 275,000	$ 400,000	$ 300,000	$ 150,000	$ 820,000
Capital Improvement Projects - Total	$ 1,853,588	$ 1,248,150	$ 4,543,513	$ 399,800	$ 4,352,000	$ 7,271,000	$ 4,850,000	$ 6,385,000	$ 4,060,000

CRESCENTA VALLEY WATER DISTRICT

MEMORANDUM

DATE: January 18, 2018

TO: Policy Committee Meeting File

FROM: Ron L. Mitchell

Following is a summary of the Policy Committee Meeting held at 2:30 p.m. on January 18, 2018, at the CVWD main office, and was attended by the following:

Director Judy Tejeda - Committee Chairperson	CVWD
Director Michael Claessens - Committee Member	CVWD
Thomas A. Love – General Manager	CVWD
Ron L. Mitchell – Secretary-Treasurer	CVWD

1. Discussion of Meter Reading Procedures

The Committee and staff reviewed a report that outlined the current meter reading procedures. This report followed all steps from the initial read, the re-read of meters, notification to customers either in person or through door hangers or telephone contact, and the download of meter information (iPerl meters only).

The Committee asked many questions about this process offered suggestions that staff send additional follow-up letters to customers even if they were contacted by telephone, and to start a "tickle file" for customers who have been contacted that have not contacted the office. Director Tejeda provided some proposed language for communicating with the customers either via telephone, door hangers, or in person.

Next, the Committee and staff reviewed how leak adjustments are currently calculated and the Committee recommended that staff begin using the same methodology used for high water appeals (tier 2 rates) when figuring the amount of those adjustments keeping the $300 cap. They felt that these changes made the adjustment more defensible and consistent with the Board. The Committee asked if staff had contacted other agencies to see what their policy is regarding leak adjustments. Staff said they had not, but would conduct a survey of other agencies and report back to the Committee when this information is complete. Staff will draft the proposed changes to the existing leak adjustment policy and bring it back to a future Board meeting for adoption.

The meeting adjourned at 3:30 p.m.

CRESCENTA VALLEY WATER DISTRICT
FINANCE COMMITTEE - STAFF REPORT

Item No.1
January 18, 2018

To: Honorable President and Members of the Policy Committee

From: Ron L. Mitchell – Secretary-Treasurer

Subject: **Discussion of Meter Reading Procedures**

BACKGROUND:

For billing purposes, the District is divided into four (4) billing cycles (see enclosed map) which consist of nine (9) to twelve (12) reading routes depending on the size of the cycle. Currently the District employees one (1) full-time Meter Reader and periodically uses a Utility Worker to help when necessary.

Typically, it takes 5-6 working days to complete the initial reads for a cycle. It then takes Customer Service staff approximately 1.5 hours to review each cycle and determine which accounts have consumption that is out of range and needs to be placed on the re-read list to verify that the original read was correct before the final bills are sent out to be printed and mailed.

The re-read list is given to the Meter Reader who then goes back to each account in question and examines the meter to see if it is registering water usage and noting the current read on the meter. The Meter Reader does not know what the previous read is so he would not be able to answer questions from a customer regarding their consumption while performing this task. If water usage is being registered, he will note how much water is passing through the meter per minute. If it is a substantial amount of water, he will attempt to contact the customer and relay that information so they can begin the process of repairing any issues on the property or leave a door hanger. If he can't make contact, then the Meter Reader will inform the office so we can attempt to reach the customer by phone or leave a message as to the extent of the possible leak. The re-read process can take another 3-4 days to complete and staff performed 445 re-reads over the last two months.

After all re-reads have been received, Customer Service staff then reviews the information and will request downloads of meter information (provided the customer has an iPerl meter). The download process can take approximately 15 minutes and then it takes an additional 20 minutes to upload this information to develop the spreadsheet and graph that can be supplied to the customer. Once the graph is complete, Customer Service staff then attempts to make contact with the customer and review the data provided. This process can take anywhere from 5-30 minutes, depending upon the extent of the conversation with the customer, as staff will attempt to give the customer areas to examine to try to find leaks on the property. Staff performed 32 meter downloads over the last two months and approximately 80 in the previous two-month period.

If leaks are detected or the high consumption is confirmed in the re-read process, Customer Service staff will send letters to the customer (see attached copies of such letters). This can take up to several hours to complete depending upon the number of letters necessary. Staff issued 34 leak letters and 13 increase letters in the month of December alone.

I would like to note that the Customer Service staff consists of one full-time Customer Service Clerk, the Customer Accounts Supervisor who splits time between customer service and accounts payable, and one Administrative Assistant who processes the billing and does admin work for Tom Love and David Gould. Christy, James and I help answer phones and take payments when necessary. With the installation of the iPerl meters and the availability of information they provide, the amount of work has increased tremendously over the last couple of years with one less employee (Natalie Bellissimo) to help perform all the tasks asked of staff.

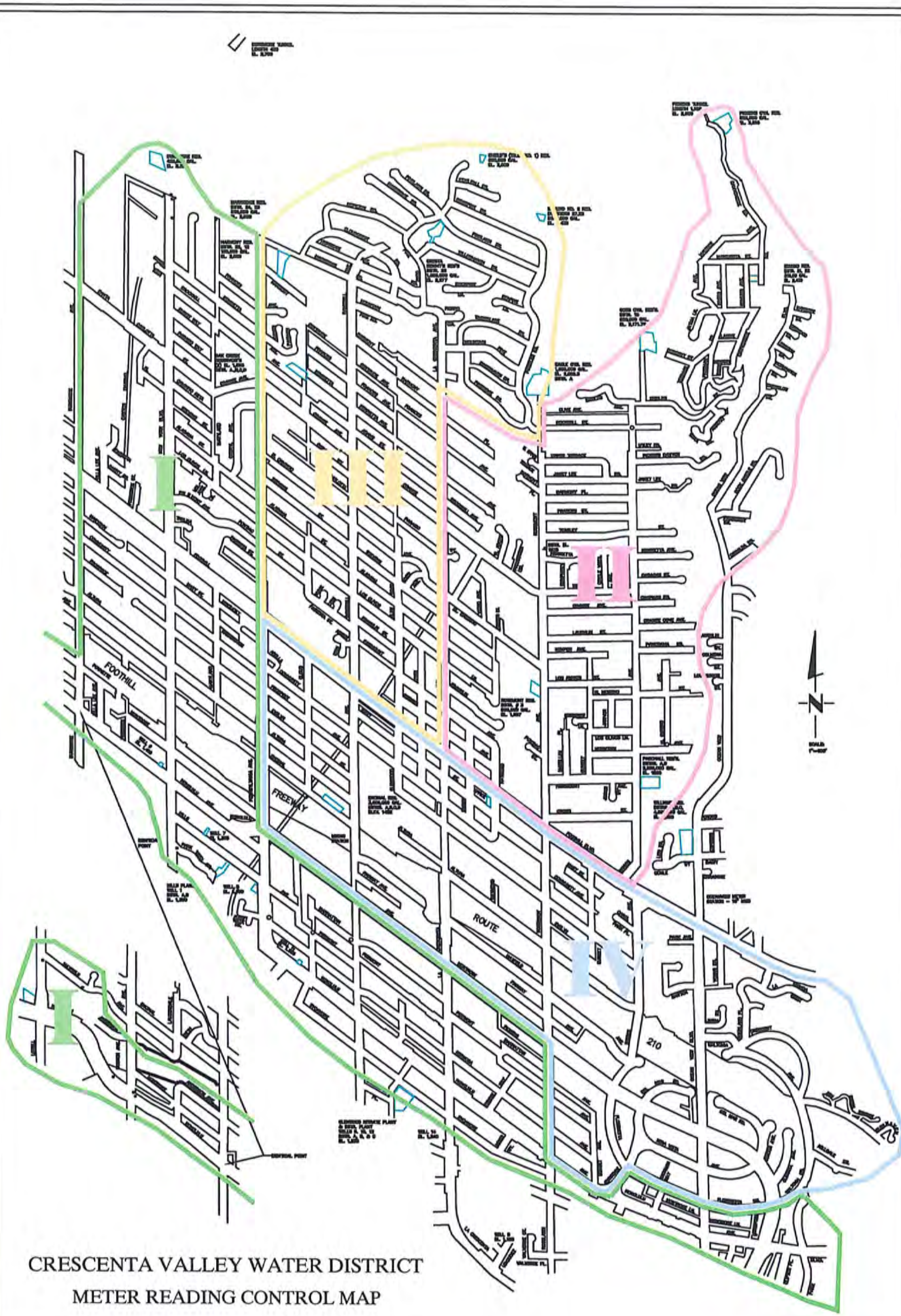
Prepared by:

Ron L. Mitchell
Secretary-Treasurer

Submitted by:

Thomas A. Love
General Manager

Attachments: g:\management\Policy Committee staff reports\2018\1-18-18 board memo -Meter Reading Procedures.docx



CRESCENTA VALLEY WATER DISTRICT

METER READING CONTROL MAP

January 10, 2018

Customer name
Address
City, State Zip Code

RE: A/C #030570-000 – Increase in Consumption

Dear Customer:

The most recent reading of your water meter on December 31, 2017 indicates a substantially higher usage than your average consumption in a bi-monthly billing period. I have enclosed a copy of your five year consumption history for comparison. Each unit equals 1,000 gallons of water.

If you cannot account for this rise in usage, it is likely due to a leak in your plumbing system that you may not have discovered. We recommend that you check your plumbing system, such as stuck or mis-fitted toilet flapper plugs, dripping faucets, missing sprinkler heads, etc., and correct any leaks to avoid unnecessary loss of water and higher water bills.

This notice is provided as a service to help you avoid unnecessary costs and waste of a precious commodity in this time of water shortages. Because we are not responsible for the location or repair of leaks on your private property, we want to provide you with this information to help you to determine if there are actual leaks. If you have any questions regarding this notice, please contact our Customer Service Department at (818) 248-3925.

Sincerely,

CRESCENTA VALLEY WATER DISTRICT

Pam Leddy
Administrative Assistant

USAGE HISTORY

01/17/2018 - 3:14 PM

Current Customer: 030570-000 **Established On:** 9/3/2014 **Route #** 35

Name: ARUTYUN KOSTIKYAN **Address:** 5128 GLENWOOD

Meter #: 74089331 **Meter Size:** .75 **Status:** A **U/M:** Gallons **Meter Install Date:** 4/25/2012

2018		2017		2016		2015		2014	
Jan	0	Jan	0	Jan	0	Jan	0	Jan	0
Feb	0	Feb	1	Feb	0	Feb	0	Feb	0
Mar	0	Mar	0	Mar	0	Mar	0	Mar	0
Apr	0	Apr	3	Apr	2	Apr	0	Apr	0
May	0	May	0	May	0	May	0	May	0
Jun	0	Jun	10	Jun	2	Jun	1	Jun	0
Jul	0	Jul	0	Jul	0	Jul	0	Jul	0
Aug	0	Aug	40	Aug	4	Aug	0	Aug	0
Sep	0	Sep	0	Sep	0	Sep	0	Sep	0
Oct	0	Oct	42	Oct	5	Oct	0	Oct	16
Nov	0	Nov	0	Nov	0	Nov	0	Nov	0
Dec	0	Dec	78	Dec	2	Dec	1	Dec	0

HOW TO DETERINE IF YOU HAVE A WATER LEAK

The best method for determining whether a leak exists is to take actual water meter readings. This method checks the entire internal plumbing system for water leaks. Take a water meter reading when no one will use any water for 20 minutes or more. Take another meter reading after this period of time before any water is used. In theory, the two readings should be the same. If they are not and you cannot account for the use by a humidifier, ice cube maker, toilet flush or water softener, you have a leak. A further investigation is recommended.

From our experience, 90 per cent of the leaks in residential plumbing systems are found at the toilet tank. Toilets leak at the bottom of the tank around the flapper plug or at the top of the tank at the overflow tube. To test the flapper plug, carefully remove the lid from each toilet tank and mark the water level in the toilet tank with a pencil. Shut off the water supply to the toilet. If the water remains on the mark you made for 10 minutes, the flapper plug is not leaking. If the water level drops below the mark you made, the flapper plug is leaking and should be adjusted or replaced. The water level in the toilet tank should be at least 1 inch below the top of the overflow tube. Toilet tank leaks typically result from worn parts or misalignment of some part of the flushing mechanism. Make sure your faucets are not dripping. A washer may need to be replaced to ensure water is not being wasted.

Another source of water leaks may be found in your irrigation system. Current water conditions permit watering of lawns on any day between the hours of 5 pm and 9 am. If you have an automatic sprinkler system, make sure the timers are set for no more than 7 minutes per station. Periodically, while your sprinkler system is running, you should watch for broken sprinkler heads or sprinklers heads that may not be adjusted properly. Take notice of any soggy or extra lush spots in your landscape. This may indicate an underground leak in your irrigation or plumbing system.

Most repairs can be done by an experienced "do-it-yourselfer" and many home supply stores offer classes in home repairs. If you are not sure you can handle the job, contact a plumber or gardener. It is important to stop the leak. Water leaks are costly and at today's rates can easily add hundreds of dollars to a single water bill. Our information is provided as a courtesy, with hopes of action on your part that may minimize an unnecessary waste of water and expense to you.

CVWD POLIICY COMMITTEE MEETING

Thursday, January 18, 2017

Considerations regarding policy when customer high water usage noted:

CVWD Office: Phone customer to notify.

Mail official notification form. Form should include date when high water usage was first noticed and that 2 month billing dates are from _______ through _______.

Tag account and check week(s) later to see if high water use continues, and if it does, mail chart print-out of daily water usage.

Nowhere should it be stated (in writing or verbally) that there appears to be no leak.

Field Staff: Send CVWD employee to check for leak(s).

Leave door hanger with CVWD phone number, website, date and time of visit to home.

Nowhere should it be stated (in writing or verbally) that there appears to be no leak.

CVWD Office: If customer requests an appearance before Board to request an adjustment to lower their bill, a notification of the CVWD meeting, where issue will be discussed, with a printed agenda, should be mailed to customer.

Judy Tejeda, Policy Committee