



Cabazon Water District  
14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

## FINANCE & AUDIT COMMITTEE MEETING

### AGENDA

#### Meeting Location:

Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

#### Meeting Date:

February 22, 2016 – 3:45 PM

CALL TO ORDER,  
PLEDGE OF ALLEGIANCE,  
ROLL CALL

### FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
  - Balance Sheet
  - Profit and Loss Two Month
  - Profit and Loss Budget Comparison
  - Statement of Cash Flows
  
2. Finance & Audit Committee District Payables Review and Approval/Signing

### PUBLIC COMMENT

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

### ADJOURNMENT

ADA Compliance Issues

In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.



**Cabazon Water District**  
14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

## **REGULAR BOARD MEETING**

### **AGENDA**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
February 22, 2016 – 6:00 PM

#### **CALL TO ORDER**

#### **PLEDGE OF ALLEGIANCE**

#### **REMEMBRANCE OF OUR SERVICE MEN AND WOMEN**

#### **ROLL CALL**

#### **CONSENT CALENDAR**

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. Approval of:
  - a. Finance and Audit Committee Meeting Minutes and warrants approved by the committee of January 25, 2016 regarding December 2015 Financials
  - b. Regular Board Meeting Minutes and warrants of January 25, 2016
2. Warrants – None
3. Awards of Contracts – None

**UPDATES**

Update: San Gorgonio Pass Regional Water Alliance Update  
(by General Manager Louie)

Update: Manager's Operations Report  
(by General Manager Louie)

- Calls for Service
- Update on acquisition on Hadley parcel.

**NEW BUSINESS**

1. Discussion/Action: Presentation and approval of the Cabazon Water District Audited Financial Statements for Fiscal Year (FY) 2014-2015. (By Chris Brown, Fedak and Brown LLP)
2. Discussion/Action: Cabazon Association – Request for funding (donation) for water conservation education & 2<sup>nd</sup> Easter event to be held at the Cabazon Community Park. (by Diana Morris, President)
3. Discussion/Action: Amendment No 1 to On-call Water System Repair/Improvement Service Contract Agreement (by GM Louie & Steve Anderson, BB&K)
4. Discussion/Action: Approval of RESOLUTION NO 2016-01: Resolution of the governing board of Cabazon Water District declaring its intention to issue tax-exempt obligations to be used to reimburse the District for certain expenditures prior to the issuance of such tax-exempt bond obligations.
5. Discussion/Action: Yucaipa Valley Water District (YVWD) Resolution 2016-10 & Beaumont Cherry Valley Water District Resolution 2016-02 (by GM Louie & Steve Anderson, BB&K)
  - Proposed to change the existing governance structure of the San Gorgonio Pass Water Agency (SGPWA) to consist of appointed individual(s) from representative public agencies.
  - YVWD has deferred this matter to their April 20, 2016 board meeting.
  - Each water agency is to appoint two (2) representatives to meet and discuss other alternatives prior the April 2016 meeting.
6. Discussion/Action: 49356 Blanche Ave., Cabazon. Water Service Concern (by GM Louie)
  - Request for single water meter box.
7. Discussion/Action: California Rural Water Association (CRWA) Annual Expo – April 25-28, 2016, South Lake Tahoe, NV. (by General Manager Louie)



**OLD BUSINESS**

1. Discussion/Action: AB54 Ethics Training for the Board of Directors  
(Select several available dates and times to coordinate with BB&K for training). (by GM Louie & Steve Anderson, BB&K)
2. Discussion/Action: Water Rate Study – Request for Staff Report (by Director Davis and Director Israel)
3. Discussion/Action: Determination if mileage reimbursement to former and current member(s) of the water board is within policy. (Director Bui and Director Tobias)
  - September 21, 2015, Regular Board meeting – Mr. Ernie Saldana complained about mileage reimbursement being paid to Director Mariner for transporting District staff to Redlands, Calif. to deliver & pick-up District owned service trucks for maintenance. The agenda item was supported by Director Bui and Director Tobias
  - October 19, 2015, Regular Board meeting – after public comments and reviewed by the Board, no action was taken.

**PUBLIC COMMENTS**

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**GENERAL MANAGER/BOARD COMMENTS**

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.
- Suggested agenda items from Management.
- Suggested agenda items from Board Members.

2. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

3. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)

- a. Finance & Audit Workshop March 21, 2016, 3:45 pm
- b. Regular Board Meeting – March 21, 2016, 6:00 pm
- c. Personnel Committee – None
- d. San Gorgonio Water Task Force – Technical Committee – Banning City Hall  
February 24, 2016 – 4:30 PM
- e. San Gorgonio Water Task Force – General Meeting – Banning City Hall – February 24, 2016 –  
6:00 PM

ADJOURNMENT

ADA Compliance Issues

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**Cabazon Water District**  
14-618 Broadway Street • P.O. Box 297  
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**FINANCE & AUDIT COMMITTEE MEETING**

**MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
January 25, 2016 – 3:45 PM

**CALL TO ORDER,**  
**PLEDGE OF ALLEGIANCE,**  
**ROLL CALL**

Director Bui – Present at 15:48 hr.  
Director Israel - Present

Calvin Louie (General Manager) - Present  
Elizabeth Lemus, Board Secretary - Present  
Linda Halley, Financial Consultant - Present

**\*Note: This meeting was recorded by the District -**

**FINANCE & AUDIT COMMITTEE**

1. Discussion: Finance & Audit Committee Report
  - Balance Sheet
  - Profit and Loss Two Month
  - Profit and Loss Budget Comparison
  - Statement of Cash Flows
  
- ⚡ The District looks at three basic reports each month to get a high level overview of the financial position of the District.
  
- ⚡ These Financial Statements are not Compiled, Reviewed, or Audited, but are created by the contract accountant in her position as Financial Controller of the District.

- ⌵ The District has an independent financial audit each year. The District's year ends on June 30.
- ⌵ The three reports the District reviews are the Balance Sheet, the Profit and Loss Two Months, and the Profit and Loss Budget Performance.
- ⌵ The Balance Sheet shows what the District owns and what the District Owes.
- ⌵ The Profit and Loss Two Months shows whether the District is consistent month to month with revenue and expenses.
- ⌵ The Profit and Loss Budget Performance shows how the District is doing against the budget, and how the District is doing fiscal year to date.
- ⌵ The Statement of Cash Flow gives an overview of the cash that came in and went out during the month.

The first report is the Balance Sheet.

- Total Checking/Savings is about \$50K lower than last month. The District has large payments to the Materials and Line Maintenance Contractor and the Attorneys.
- Accounts 12011 and 12012 Accounts Receivable are substantially the same this month than last.
- Account 21100 Accounts Payable shows as being very low at this time. Most of the bills related to December were paid during December.
- These are the only items of note on the Balance Sheet.

The Profit and Loss two month shows:

- that Account 41100 Base Rate - Water Bills - is substantially the same for the last two months.
- Total 50010 - Payroll All Expenses is substantially higher this month than last. The District has a bi-weekly payroll; During two months of the year there are three payroll instead of the regular two. December was one of those months.
- Account 53160- Utilities - Wells -shows that the District has received all of the Edison bills and that the amounts were similar between the two months.

- Accounts 5318 - this has been split into 53180 Materials and Line Maintenance Repair Contractor and 53181 Materials and Line Maintenance Repair Contractor - Emergency Work to give more visibility. All of the work in December has been classified as Emergency repairs.
  - 56500 Legal. The bills this month related to Stanley Security, Hadley's Ice House, landscaping Contract, Water rights, DHPO water rate issue.
  - The District ended the month with a preliminary net loss of \$27k.
- ↓ The Profit & Loss Budget Performance has five columns. The first shows the actual income and expenses for the month. The second column shows the Budget for the month just ended. The middle column shows the year to date actual figures. The fourth column shows the Year to Date Budget. The last column shows the annual budget.
- Account 41100 Base Rate - Water Bills – The District is about 4% below budget for the year to date, so it is very close to what was anticipated.
  - Total 50010 Payroll All Expenses is about 3% overbudget year to date. This is due to employee payouts of vacation and sick leave - those have occurred but the District budgets for them over the year.
  - Account 53180 Materials and Line Maintenance Contractor, including the emergency work, is over budget year to date. Much of the work has been emergency repair.
  - 56500 Legal Service - This is about 50% over budget year to date, although the month of December was under budget.
  - Preliminary figures show the District with a year to date loss of \$154k, compared to a budgeted year to date loss of \$82k.
  - The main areas where the District is overbudget year to date:  
Legal, and Line Maintenance and Materials Contractor – Emergency

The Summary of Cash Flows shows us that

- Cash from Water Service - customers paying their bills - was down a bit during December from the prior month
- The largest expenditures were the bills.
- Payroll was higher than the prior month due to the third payroll during the month.

- The total expenditures were about \$151k
- Net cash usage was about \$62k
- The District ended the month with cash of \$37,089.67.
- This ties to the Balance Sheet.

### PUBLIC COMMENT

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### ADJOURNMENT

Meeting adjourned at 15:57 hr. on January 25, 2016.

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Robert Lynk, Board Chair  
Board of Directors  
Cabazon Water District

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Elizabeth Lemus, Secretary  
Board of Directors  
Cabazon Water District

#### ADA Compliance Issues

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**REGULAR BOARD MEETING**

**MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
January 25, 2016 – 6:00 PM

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**REMEMBRANCE OF OUR SERVICE MEN AND WOMEN**

**ROLL CALL**

Director Joseph Tobias - Absent  
Director Teresa Bui - Present  
Director Maxine Israel - Present  
Director Alan Davis - Present  
Director Robert Lynk - Absent

Calvin Louie, General Manager - Present  
Elizabeth Lemus, Board Secretary - Present  
Linda S. Halley, Financial Consultant - Absent  
Steve Anderson, Best Best & Krieger Law Firm - Present

Note: This meeting was recorded by the District -

**CONSENT CALENDAR**

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no

separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

**1. Approval of:**

- a. Finance and Audit Committee Meeting Minutes and warrants approved by the committee of December 14, 2015 regarding November 2015 Financials
- b. Regular Board Meeting Minutes and warrants of December 14, 2015

**Motion to approve consent calendar item(s) a.) Finance and Audit Committee Meeting Minutes and warrants approved by the committee of December 14, 2015 regarding November 2015 Financials And (b.) Regular Board Meeting Minutes and warrants of December 14, 2015 made by Director Bui and 2<sup>nd</sup> by Director Israel.**

Director Tobias - Absent

Director Bui - Aye

Director Israel - Aye

Director Davis - Aye

Director Lynk - Absent

2. Warrants – None
3. Awards of Contracts – None

**UPDATES**

Update: San Gorgonio Pass Regional Water Alliance Update  
(by General Manager Louie)

Update: Manager's Operations Report  
(by General Manager Louie)

- Calls for Service
- Update on acquisition on Hadley parcel.

**NEW BUSINESS**

1. Discussion/Action: Approval of CUSI "Customer Web Portal" and "Turnkey Merchant Services" contract – (General Manager Louie)

**Motion to approve CUSI "Customer Web Portal" (Maintenance Interface) and "Turnkey Merchant Services" (Bank Check Elimination Services) contracts made by Director Israel and 2<sup>nd</sup> by Director Bui.**

Director Tobias - Absent

Director Bui - Aye

Director Israel - Aye

Director Davis - Aye

Director Lynk - Absent



2. Discussion/Action: AB54 Ethics Training for the Board of Directors  
(Select several available dates and times to coordinate with BB&K for training).

Motion to table this item until the General Manager can coordinate a date and time/the February Board Meeting made by Director Israel and 2<sup>nd</sup> by Director Bui.

Director Tobias - Absent  
Director Bui - Aye  
Director Israel - Aye  
Director Davis - Aye  
Director Lynk – Absent

3. Discussion/Action: Water Rate Study – Request for Staff Report (by Director Davis and Director Israel)

No motion was made, but it was agreed by Director Bui, Israel, and Davis that this item would be tabled until the February Board Meeting.

#### OLD BUSINESS

1. Discussion/Action: Review Policy: Posting of Finance & Audit Committee (FAC) Signing Checks for Payables (by General Manager Louie)

No motion was made, but due to the suggestion from Legal Counsel, it was determined and agreeable to Directors Bui, Israel, and Davis, that the District will continue to post agendas for FAC check review and signing.

2. Discussion/Action: Determination if mileage reimbursement to former and current member(s) of the water board is within policy. (Director Bui and Director Tobias)

- September 21, 2015, Regular Board meeting – Mr. Ernie Saldana complained about mileage reimbursement being paid to Director Mariner for transporting District staff to Redlands, Calif. to deliver & pick-up District owned service trucks for maintenance. The agenda item was supported by Director Bui and Director Tobias
- October 19, 2015, Regular Board meeting – after public comments and reviewed by the Board, no action was taken.

No motion was made, but it was agreed between Directors Bui, Israel, and Davis that this item would be tabled until the February Board meeting.

## PUBLIC COMMENTS

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## GENERAL MANAGER/BOARD COMMENTS

### 1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.
- Suggested agenda items from Management.
- Suggested agenda items from Board Members.

February Board Meeting Agenda Item Request (supported by Director Israel and Bui): look into the possibility of the District hosting a water conservation program with one or more Cabazon facilities (i.e. possible facilities could include the Cabazon Elementary School, Pre-K school, and Community Center).

### 2. Management Comments

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### 3. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

## MISCELLANEOUS

### 1. Future Board Items/Next Board Meeting Date(s)

- a. Finance & Audit Workshop February 22, 2016, 3:45 pm, (due to the Holiday on Monday, February 15)
- b. Regular Board Meeting – February 22, 2016, 6:00 pm, (due to the Holiday on Monday, February 15)
- c. Personnel Committee – None
- d. San Gorgonio Water Task Force – Technical Committee – Banning City Hall  
January 27, 2016 – 4:30 PM

- e. San Gorgonio Water Task Force – General Meeting – Banning City Hall – January 27, 2016 –  
6:00 PM

**ADJOURNMENT**

Motion to adjourn at 19:03 hr. made by Director Bui and 2<sup>nd</sup> by Director Israel

Director Tobias - Absent  
Director Bui - Aye  
Director Israel - Aye  
Director Davis - Aye  
Director Lynk – Absent

Meeting adjourned at 19:03 hr. on Monday, January 25, 2016

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Robert Lynk, Board Chair  
Board of Directors  
Cabazon Water District

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Elizabeth Lemus, Secretary  
Board of Directors  
Cabazon Water District

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Cabazon Water District  
**Balance Sheet**  
As of January 31, 2016

**ASSETS**

**Current Assets**

**Checking/Savings**

- 11020 · General Bank Account-Chase
- 11030 · Payroll Bank Account-Chase
- 11040 · Trust Account- Chase - Cus Dep
- 11050 · Local Petty Cash

**Total Checking/Savings**

**Other Current Assets**

- 12000 · Accounts Receivable
  - 12011 · Accounts Receivable - Co 1
  - 12012 · Accounts Receivable - Co 2
  - 12014 · Allow for Doubtful Accts Co 1
  - 12015 · Allow for Doubtful Accts Co 2
  - 12025 · Miscellaneous Receivable

**Total 12000 · Accounts Receivable**

**13010 · LAIF**

- 13011 · LAIF
- 13012 · LAIF Annual Market Adjustment

**Total 13010 · LAIF**

**13020 · Bank of NY Trustee Accounts**

- 13021 · Reserve Fund - DWR-HS 528
- 13022 · Repayment Fund DWR-HS 525

**Total 13020 · Bank of NY Trustee Accounts**

**13040 · Prepaid Expenses**

**13060 · Inventory Total**

**Total Other Current Assets**

**Total Current Assets**

**Fixed Assets**

- 14200 · Construction in Process
  - 14203 · CIP DHPO Expansion
  - 14204 · CIP Cabazon Outlets Expansion (Little Cabazon Mall - expansion)
  - 14206 · Almond Vault Repair 2013
  - 14208 · CIP Board Room
  - 14210 · CIP 50100 Main St. Property (50100 Main St. Property - Old Hadley Ice House)

**Total 14200 · Construction in Process**

**14310 · Tools and Equipment**

- 14320 · Source of Supply
  - 14321 · Source of Supply- DHPO Intercon
  - 14320 · Source of Supply - Other

**Total 14320 · Source of Supply**

**14330 · Transmission & Distribution**

**14340 · Buildings & Structures**

**14350 · Water Treatment**

**14360 · Office Furniture and Equipment**

Cabazon Water District  
**Balance Sheet**  
As of January 31, 2016

14370 · Intangible Plant  
14380 · Vehicles  
14400 · Land  
14500 · Accumulated Depreciation

Total Fixed Assets  
**TOTAL ASSETS**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

21100 · \*Accounts Payable

Total Accounts Payable

**Other Current Liabilities**

21210 · Misc Short Term Liability

21220 · Jack Pryor

21210 · Misc Short Term Liability - Other

Total 21210 · Misc Short Term Liability

21300 · Customer Deposits

21330 · Customer Deposits - Co 1

21340 · Customer Deposits - Co 2

Total 21300 · Customer Deposits

21420 · Accrued Vacation Pay

21440 · DWR-HS Payable - Current

21450 · Current Portion Zion's Bank Ln

Total Other Current Liabilities

Total Current Liabilities

**Long Term Liabilities**

22000 · DWR-H Loan Payable (Payoff '26)

22100 · Zion's Bank Long Term (2023)

22200 · RCEDA Loan Payable

Total Long Term Liabilities

Total Liabilities

**Equity**

31010 · Net Investment in Capital Asset

31020 · Restricted for Debt Service

31030 · Unrestricted Net Assets

31041 · Reserved for Almond Vault Refur

31030 · Unrestricted Net Assets - Other

Total 31030 · Unrestricted Net Assets

32000 · Retained Earnings

Net Income

Total Equity

**TOTAL LIABILITIES & EQUITY**

**Cabazon Water District**  
**Balance Sheet**  
As of January 31, 2016

Jan 31, 16

**ASSETS**

**Current Assets**

**Checking/Savings**

11020 · General Bank Account-Chase	154,672.10
11030 · Payroll Bank Account-Chase	9,322.45
11040 · Trust Account- Chase - Cus Dep	10,082.17
11050 · Local Petty Cash	100.00

**Total Checking/Savings** 174,176.72

**Other Current Assets**

**12000 · Accounts Receivable**

12011 · Accounts Receivable - Co 1	94,995.66
12012 · Accounts Receivable - Co 2	40,026.86
12014 · Allow for Doubtful Accts Co 1	(8,225.34)
12015 · Allow for Doubtful Accts Co 2	(7,872.23)
12025 · Miscellaneous Receivable	(75.00)

**Total 12000 · Accounts Receivable** 118,849.95

**13010 · LAIF**

13011 · LAIF	672,667.07
13012 · LAIF Annual Market Adjustment	252.53

**Total 13010 · LAIF** 672,919.60

**13020 · Bank of NY Trustee Accounts**

13021 · Reserve Fund - DWR-HS 528	49,480.54
13022 · Repayment Fund DWR-HS 525	16,932.11

**Total 13020 · Bank of NY Trustee Accounts** 66,412.65

**13040 · Prepaid Expenses** 11,654.12

**13060 · Inventory Total** 103,052.66

**Total Other Current Assets** 972,888.98

**Total Current Assets** 1,147,065.70

**Fixed Assets**

**14200 · Construction in Process**

14203 · CIP DHPO Expansion	8,087.13
14204 · CIP Cabazon Outlets Expansion (Little Cabazon Mall - expansion)	9,692.35
14206 · Almond Vault Repair 2013	62,872.14
14208 · CIP Board Room	8,611.74
14210 · CIP 50100 Main St. Property (50100 Main St. Property - Old Hadley Ice House)	1,570.00

**Total 14200 · Construction in Process** 90,833.36

**14310 · Tools and Equipment** 118,015.94

**14320 · Source of Supply**

14321 · Source of Supply- DHPO Intercon	553,807.23
14320 · Source of Supply - Other	548,138.93

**Total 14320 · Source of Supply** 1,101,946.16

**14330 · Transmission & Distribution** 7,767,650.86

**14340 · Buildings & Structures** 13,731.04

**14350 · Water Treatment** 8,800.00

**14360 · Office Furniture and Equipment** 82,471.41

Cabazon Water District  
**Balance Sheet**  
As of January 31, 2016

	<u>Jan 31, 16</u>
14370 · Intangible Plant	11,032.00
14380 · Vehicles	90,456.71
14400 · Land	409,548.38
14500 · Accumulated Depreciation	<u>(4,328,255.45)</u>
<b>Total Fixed Assets</b>	<b>5,366,230.41</b>
<b>TOTAL ASSETS</b>	<b><u>6,513,296.11</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
21100 · *Accounts Payable	10,381.05
<b>Total Accounts Payable</b>	<u>10,381.05</u>
Other Current Liabilities	
21210 · Misc Short Term Liability	
21220 · Jack Pryor	(692.41)
21210 · Misc Short Term Liability - Other	255.30
<b>Total 21210 · Misc Short Term Liability</b>	<u>(437.11)</u>
21300 · Customer Deposits	
21330 · Customer Deposits - Co 1	3,742.05
21340 · Customer Deposits - Co 2	5,297.27
<b>Total 21300 · Customer Deposits</b>	<u>9,039.32</u>
21420 · Accrued Vacation Pay	12,588.93
21440 · DWR-HS Payable - Current	36,184.29
21450 · Current Portion Zion's Bank Ln	73,227.06
<b>Total Other Current Liabilities</b>	<u>130,602.49</u>
<b>Total Current Liabilities</b>	<u>140,983.54</u>
<b>Long Term Liabilities</b>	
22000 · DWR-H Loan Payable (Payoff '26)	409,597.89
22100 · Zion's Bank Long Term (2023)	530,006.38
22200 · RCEDA Loan Payable	300,000.35
<b>Total Long Term Liabilities</b>	<u>1,239,604.62</u>
<b>Total Liabilities</b>	<u>1,380,588.16</u>
<b>Equity</b>	
31010 · Net Investment in Capital Asset	4,188,757.00
31020 · Restricted for Debt Service	233,447.00
31030 · Unrestricted Net Assets	
31041 · Reserved for Almond Vault Refur	50,000.00
31030 · Unrestricted Net Assets - Other	921,429.76
<b>Total 31030 · Unrestricted Net Assets</b>	<u>971,429.76</u>
32000 · Retained Earnings	(215,657.25)
<b>Net Income</b>	<u>(45,268.56)</u>
<b>Total Equity</b>	<u>5,132,707.95</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>6,513,296.11</u></b>

**Cabazon Water District**  
**Profit & Loss**  
December 2015 through January 2016

	Dec 15	Jan 16
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>41000 · Operating Income</b>		
41100 · Base Rate - Water Bills	84,578.89	87,364.01
41220 · Fire Sales - Water Bills	240.00	240.00
41240 · Meter Install and Removal	0.00	0.00
41310 · Penalty Fees - Water Bills	2,639.19	2,654.34
41320 · Lien Reinstatement Fees	0.00	0.00
41330 · New Account Fees - Water Bills	80.00	40.00
41360 · Incident Fee - Water Bills	0.00	0.00
41370 · Returned Check Fees	60.00	30.00
41500 · Stand By Fees - Tax Revenue	0.00	71,415.57
<b>Total 41000 · Operating Income</b>	87,598.08	161,743.92
<b>42000 · Non-Operating Income</b>		
<b>42100 · Property Taxes</b>		
42110 · Ad Valorem - Tax Revenue	3,721.56	21,516.64
<b>Total 42100 · Property Taxes</b>	3,721.56	21,516.64
42210 · Cell Tower Lease Income	1,928.24	1,928.24
42310 · Miscellaneous Non-Operating Inc	0.00	10.00
<b>43000 · Interest Income</b>		
43110 · Interest Inc - Gen, Trust, Payr	0.91	0.83
43140 · Interest Income - Water bills	409.36	386.89
<b>Total 43000 · Interest Income</b>	410.27	387.72
<b>Total 42000 · Non-Operating Income</b>	6,060.07	23,842.60
<b>Total Income</b>	93,658.15	185,586.52
<b>Gross Profit</b>	93,658.15	185,586.52
<b>Expense</b>		
<b>50010 · Payroll - All Expenses</b>		
<b>51000 · Payroll Summary</b>		
51050 · Directors' Fees	800.00	600.00
<b>51100 · Management and Customer Service</b>		
51120 · Customer Accounts	4,895.02	3,138.77
51130 · Admin Assistant	6,644.63	3,502.62
51140 · General Manager	9,512.28	6,341.52
<b>Total 51100 · Management and Customer Service</b>	21,051.93	12,982.91
<b>51200 · Water Operations</b>		
51210 · Meter Reader	3,659.04	1,866.24
<b>Total 51200 · Water Operations</b>	3,659.04	1,866.24
<b>Total 51000 · Payroll Summary</b>	25,510.97	15,449.15
<b>51300 · Payroll - Employee Ben Expense</b>		
51310 · Workers Comp.	1,683.25	1,152.54
51320 · Employee Health Care	2,606.70	2,606.70
51330 · Pension	4,508.58	2,696.59
51350 · Union Dues	(27.72)	0.00
51360 · Aflac Deductions	(95.18)	0.00
	(95.18)	0.00



**Cabazon Water District**  
**Profit & Loss**  
December 2015 through January 2016

	Dec 15	Jan 16
Total 51300 · Payroll - Employee Ben Expense	8,675.63	6,455.83
51400 · Payroll Expenses - Taxes, etc		
51410 · FICA and Medicare	1,929.77	1,160.02
51420 · SUI and ETT	49.60	940.14
Total 51400 · Payroll Expenses - Taxes, etc	1,979.37	2,100.16
Total 50010 · Payroll - All Expenses	36,165.97	24,005.14
52000 · Operational Expenses		
53000 · Facilities, Wells, Trans, Dist		
53110 · Lab Fees	684.00	220.00
53120 · Site Landscaping & Maintenance	45.00	45.00
53130 · Meters	2,004.91	0.00
53160 · Utilities - Wells	8,127.49	3,308.35
53170 · SCADA (no ongoing contract )	28.32	26.31
5318 · Line Mtn & Rep Contractor		
53180 · Line Maint and Repair Cont	0.00	1,980.00
53181 · Line Maint Repair Cont. Emergen (Emergency Work	27,050.00	620.00
Total 5318 · Line Mtn & Rep Contractor	27,050.00	2,600.00
53190 · Line Maint and Repair Materials	4,020.89	19.50
53210 · Well Maintenance	0.00	588.00
53300 · Security		
53350 · Alarms		
53355 · Alarm Phones	108.34	108.62
Total 53350 · Alarms	108.34	108.62
53390 · Audio Alarm (cont exp xx/xx)	241.12	241.12
53410 · Video,Eq Lease (exp xx/xx)	724.00	724.00
Total 53300 · Security	1,073.46	1,073.74
53610 · Engineering Services	3,866.07	0.00
Total 53000 · Facilities, Wells, Trans, Dist	46,900.14	7,880.90
54000 · Utilities - Office		
54110 · Electricity	887.90	794.57
54120 · Gas	94.61	124.84
54130 · Telephone	765.97	766.26
54140 · Sanitation	351.48	351.48
Total 54000 · Utilities - Office	2,099.96	2,037.15
55000 · Office Expenses		
55220 · Fire Alarm System Servicing (Fire Alarm System Servi	60.00	144.00
55110 · Water Billing System	0.00	968.13
55120 · Supplies & Equipment	457.68	0.00
55130 · Copier and Supplies	1,018.54	489.25
55140 · Dues & Subscriptions	592.00	0.00
55150 · Postage	865.90	485.78
55180 · Computer Services	2,997.00	2,997.00
55200 · Office Storage	500.00	500.00
55210 · Air Conditioning Servicing (Air Conditioning Unit Servic	350.00	350.00
Total 55000 · Office Expenses	6,841.12	5,934.16

**Cabazon Water District**  
**Profit & Loss**  
December 2015 through January 2016

	Dec 15	Jan 16
<b>56000 · Support Services</b>		
56400 · Accounting (monthly contract)	0.00	956.25
<b>56500 · Legal Services</b>		
565-00 · Legal - General	4,140.97	4,428.74
565.01 · Legal - Water	767.17	1,568.51
<b>Total 56500 · Legal Services</b>	4,908.14	5,997.25
56600 · Bank Service Charges	130.15	137.57
56700 · Payroll Service	360.60	374.55
56800 · General Liability Insurance	1,711.19	1,711.19
<b>Total 56000 · Support Services</b>	7,110.08	9,176.81
<b>57000 · Training/Travel</b>		
57110 · Seminars/Training	99.00	0.00
57120 · Travel and Meals	76.85	47.33
<b>Total 57000 · Training/Travel</b>	175.85	47.33
<b>58000 · Other Fees</b>	467.98	0.00
<b>59000 · Service Tools &amp; Equipment</b>		
59110 · Shop Supplies and Small Tools	482.32	0.00
59120 · Vehicle Fuel	1,181.43	415.01
59160 · Backhoe Fuel	492.64	0.00
59170 · Equipment Rental	426.25	0.00
59180 · Service Trucks - Repair and Mtn	0.00	261.05
59190 · Water Ops Cell Phone/ Internet	192.07	0.00
59210 · Water Ops Computer Internet	0.00	0.00
<b>Total 59000 · Service Tools &amp; Equipment</b>	2,774.71	676.06
<b>Total 52000 · Operational Expenses</b>	66,369.84	25,752.41
<b>61000 · Non-Operating Expenses</b>		
61150 · Returned Checks	(0.01)	0.00
61220 · Reconciliation Discrepancies	0.01	0.00
61240 · Miscellaneous	960.04	45.71
<b>Total 61000 · Non-Operating Expenses</b>	960.04	45.71
<b>65000 · Depreciation and Amortization</b>		
65110 · Depreciation	22,189.00	22,189.00
<b>Total 65000 · Depreciation and Amortization</b>	22,189.00	22,189.00
<b>Total Expense</b>	125,684.85	71,992.26
<b>Net Ordinary Income</b>	(32,026.70)	113,594.26
<b>Net Income</b>	(32,026.70)	113,594.26

PRELIMINARY

## Cabazon Water District Profit & Loss Budget Performance January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>41000 · Operating Income</b>					
41100 · Base Rate - Water Bills	87,364.01	97,333.00	644,731.04	681,331.00	1,168,000.00
41220 · Fire Sales - Water Bills	240.00	240.00	1,680.00	1,680.00	2,880.00
41240 · Meter Install and Remc	0.00		0.00		
41310 · Penalty Fees - Water B	2,654.34	2,750.00	19,336.31	19,250.00	33,000.00
41320 · Lien Reinstatement Fe	0.00		401.07		
41330 · New Account Fees - W	40.00		875.00		
41360 · Incident Fee - Water Bi	0.00		0.00		
41370 · Returned Check Fees	30.00		240.00		
41500 · Stand By Fees - Tax Re	71,415.57	70,000.00	71,432.37	70,000.00	100,000.00
<b>Total 41000 · Operating Income</b>	<b>161,743.92</b>	<b>170,323.00</b>	<b>738,695.79</b>	<b>772,261.00</b>	<b>1,303,880.00</b>
<b>42000 · Non-Operating Income</b>					
<b>42100 · Property Taxes</b>					
42110 · Ad Valorem - Tax Rev	21,516.64	28,400.00	25,734.70	32,200.00	46,000.00
42120 · Teeter Settlement Inc	0.00	0.00	0.00	0.00	10,000.00
<b>Total 42100 · Property Taxes</b>	<b>21,516.64</b>	<b>28,400.00</b>	<b>25,734.70</b>	<b>32,200.00</b>	<b>56,000.00</b>
42210 · Cell Tower Lease Inco	1,928.24	1,917.00	13,497.68	13,419.00	23,000.00
42310 · Miscellaneous Non-Op	10.00		1,780.21		
<b>43000 · Interest Income</b>					
43110 · Interest Inc - Gen, Tri	0.83		8.26		
43120 · Interest Income LAIF	0.00	158.00	541.17	1,106.00	1,900.00
43140 · Interest Income - Wal	386.89	333.00	2,674.75	2,331.00	4,000.00
43160 · Interest Income - DW	0.00		1.95		
<b>Total 43000 · Interest Income</b>	<b>387.72</b>	<b>491.00</b>	<b>3,226.13</b>	<b>3,437.00</b>	<b>5,900.00</b>
<b>Total 42000 · Non-Operating Inc</b>	<b>23,842.60</b>	<b>30,808.00</b>	<b>44,238.72</b>	<b>49,056.00</b>	<b>84,900.00</b>
<b>Total Income</b>	<b>185,586.52</b>	<b>201,131.00</b>	<b>782,934.51</b>	<b>821,317.00</b>	<b>1,388,780.00</b>
<b>Gross Profit</b>					
	185,586.52	201,131.00	782,934.51	821,317.00	1,388,780.00
<b>Expense</b>					
<b>50010 · Payroll - All Expenses</b>					
<b>51000 · Payroll Summary</b>					
51050 · Directors' Fees	600.00	1,183.00	5,900.00	8,281.00	14,200.00
<b>51100 · Management and Customer Service</b>					
51120 · Customer Accounts	3,138.77	3,450.00	25,631.41	24,150.00	41,400.00
51130 · Admin Assistant	3,502.62	3,533.00	20,597.73	24,731.00	42,400.00
51140 · General Manager	6,341.52	7,400.00	50,747.39	51,800.00	88,800.00
<b>Total 51100 · Management ar</b>	<b>12,982.91</b>	<b>14,383.00</b>	<b>96,976.53</b>	<b>100,681.00</b>	<b>172,600.00</b>
<b>51200 · Water Operations</b>					
51210 · Meter Reader	1,866.24	2,025.00	13,987.75	14,175.00	24,300.00
<b>Total 51200 · Water Operati</b>	<b>1,866.24</b>	<b>2,025.00</b>	<b>13,987.75</b>	<b>14,175.00</b>	<b>24,300.00</b>
<b>Total 51000 · Payroll Summary</b>	<b>15,449.15</b>	<b>17,591.00</b>	<b>116,864.28</b>	<b>123,137.00</b>	<b>211,100.00</b>
<b>51300 · Payroll - Employee Ben Expense</b>					
51310 · Workers Comp.	1,152.54	750.00	10,340.18	5,250.00	9,000.00

**Cabazon Water District**  
**Profit & Loss Budget Performance**  
January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
51320 · Employee Health Car	2,606.70	2,558.00	17,542.29	17,906.00	30,700.00
51330 · Pension	2,696.59	2,975.00	25,154.22	20,825.00	35,700.00
51350 · Union Dues	0.00		(28.56)		
51360 · Aflac Deductions	0.00		350.48		
<b>Total 51300 · Payroll - Employee</b>	<b>6,455.83</b>	<b>6,283.00</b>	<b>53,358.61</b>	<b>43,981.00</b>	<b>75,400.00</b>
<b>51400 · Payroll Expenses - Taxes, etc</b>					
51410 · FICA and Medicare	1,160.02	1,342.00	8,950.23	9,394.00	16,100.00
51420 · SUI and ETT	940.14	233.00	1,353.99	1,631.00	2,800.00
51430 · Medical Testing	0.00	77.00	635.00	539.00	920.00
<b>Total 51400 · Payroll Expenses</b>	<b>2,100.16</b>	<b>1,652.00</b>	<b>10,939.22</b>	<b>11,564.00</b>	<b>19,820.00</b>
<b>Total 50010 · Payroll - All Expen</b>	<b>24,005.14</b>	<b>25,526.00</b>	<b>181,162.11</b>	<b>178,682.00</b>	<b>306,320.00</b>
<b>52000 · Operational Expenses</b>					
<b>53000 · Facilities, Wells, Trans, Dist</b>					
53110 · Lab Fees	220.00	700.00	6,536.12	4,900.00	8,400.00
53120 · Site Landscaping & M	45.00	2,000.00	1,241.03	14,000.00	24,000.00
53130 · Meters	0.00	833.00	4,763.23	5,831.00	10,000.00
53140 · Generator Service Cc	0.00	292.00	0.00	2,044.00	3,500.00
53150 · Median Landscape &	0.00	1,916.67	11,385.00	13,416.69	23,000.00
53160 · Utilities - Wells	3,308.35	8,750.00	57,980.48	61,250.00	105,000.00
53170 · SCADA (no ongoing)	26.31	400.00	1,208.14	2,800.00	4,800.00
<b>5318 · Line Mtn &amp; Rep Contractor</b>					
53180 · Line Maint and Rep.	1,980.00	12,500.00	47,135.00	87,500.00	150,000.00
53181 · Line Maint Repair C	620.00		79,312.50		
<b>Total 5318 · Line Mtn &amp; Rep C</b>	<b>2,600.00</b>	<b>12,500.00</b>	<b>126,447.50</b>	<b>87,500.00</b>	<b>150,000.00</b>
53190 · Line Maint and Repai	19.50	5,000.00	17,597.37	35,000.00	60,000.00
<b>53210 · Well Maintenance</b>					
53215 · Chemicals	0.00	525.00	256.26	3,675.00	6,300.00
53210 · Well Maintenance -	588.00	1,250.00	5,593.80	8,750.00	15,000.00
<b>Total 53210 · Well Maintenanc</b>	<b>588.00</b>	<b>1,775.00</b>	<b>5,850.06</b>	<b>12,425.00</b>	<b>21,300.00</b>
<b>53300 · Security</b>					
53330 · Crime Prevention (f	0.00		525.30		
<b>53350 · Alarms</b>					
53355 · Alarm Phones	108.62	113.00	753.70	791.00	1,350.00
53350 · Alarms - Other	0.00	46.00	242.00	322.00	550.00
<b>Total 53350 · Alarms</b>	<b>108.62</b>	<b>159.00</b>	<b>995.70</b>	<b>1,113.00</b>	<b>1,900.00</b>
53380 · Materials	0.00	42.00	64.00	294.00	500.00
53390 · Audio Alarm (cont e	241.12	225.00	1,850.84	1,575.00	2,700.00
53410 · Video Eq Lease (ex)	724.00	742.00	5,068.00	5,194.00	8,900.00
<b>Total 53300 · Security</b>	<b>1,073.74</b>	<b>1,168.00</b>	<b>8,503.84</b>	<b>8,176.00</b>	<b>14,000.00</b>
53610 · Engineering Services	0.00	2,000.00	29,220.87	14,000.00	24,000.00
<b>Total 53000 · Facilities, Wells,</b>	<b>7,880.90</b>	<b>37,334.67</b>	<b>270,733.64</b>	<b>261,342.69</b>	<b>448,000.00</b>
<b>54000 · Utilities - Office</b>					
54110 · Electricity	794.57	1,083.00	8,315.74	7,581.00	13,000.00
54120 · Gas	124.84	75.00	356.72	525.00	900.00

**Cabazon Water District**  
**Profit & Loss Budget Performance**  
January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
54130 · Telephone	766.26	750.00	5,810.77	5,250.00	9,000.00
54140 · Sanitation	351.48	350.00	2,460.36	2,450.00	4,200.00
<b>Total 54000 · Utilities - Office</b>	<b>2,037.15</b>	<b>2,258.00</b>	<b>16,943.59</b>	<b>15,806.00</b>	<b>27,100.00</b>
<b>55000 · Office Expenses</b>					
55220 · Fire Alarm System Se	144.00		429.50		
55110 · Water Billing System	968.13	208.00	2,265.03	1,456.00	2,500.00
55120 · Supplies & Equipmer	0.00	795.00	3,275.03	5,565.00	9,540.00
55130 · Copler and Supplies	489.25	635.00	4,455.28	4,445.00	7,620.00
55140 · Dues & Subscription	0.00	83.00	1,092.00	581.00	1,000.00
55150 · Postage	485.78	750.00	3,895.14	5,250.00	9,000.00
55160 · Printing & Publicatio	0.00	104.00	(251.00)	728.00	1,250.00
55180 · Computer Services	2,997.00	2,997.00	21,002.88	20,979.00	35,964.00
55200 · Office Storage	500.00	500.00	3,500.00	3,500.00	6,000.00
55210 · Air Conditioning Ser	350.00	167.00	2,450.00	1,169.00	2,000.00
<b>Total 55000 · Office Expenses</b>	<b>5,934.16</b>	<b>6,239.00</b>	<b>42,113.86</b>	<b>43,673.00</b>	<b>74,874.00</b>
<b>56000 · Support Services</b>					
56200 · Temporary Labor	0.00		1,477.25		
56300 · Financial Audit (throu	0.00	0.00	17,698.00	18,000.00	21,000.00
56400 · Accounting (monthly	956.25	1,800.00	9,616.25	12,600.00	21,600.00
<b>56500 · Legal Services</b>					
565-00 · Legal - General	4,428.74		40,131.19		
565.01 · Legal - Water	1,568.51		10,963.72		
565-02 · Legal - Brown Act,	0.00		6,415.50		
565.07 · Legal - Personnel	0.00		6,974.57		
565-13 · Legal - Grant/Loan	0.00		5,917.00		
565-40 · Legal - Fees and C	0.00		2,892.10		
56500 · Legal Services - Otl	0.00	7,274.00	0.00	50,918.00	87,286.00
<b>Total 56500 · Legal Services</b>	<b>5,997.25</b>	<b>7,274.00</b>	<b>73,294.08</b>	<b>50,918.00</b>	<b>87,286.00</b>
56600 · Bank Service Charge	137.57	200.00	1,004.91	1,400.00	2,400.00
56700 · Payroll Service	374.55	292.00	1,984.55	2,044.00	3,500.00
56800 · General Liability Insu	1,711.19	1,833.00	11,978.33	12,831.00	22,000.00
56810 · Fixed Asset Software	0.00		498.33		
<b>Total 56000 · Support Services</b>	<b>9,176.81</b>	<b>11,399.00</b>	<b>117,551.70</b>	<b>97,793.00</b>	<b>157,786.00</b>
<b>57000 · Training/Travel</b>					
57110 · Seminars/Training	0.00	858.00	99.00	6,006.00	10,300.00
57120 · Travel and Meals	47.33	417.00	235.73	2,919.00	5,000.00
<b>Total 57000 · Training/Travel</b>	<b>47.33</b>	<b>1,275.00</b>	<b>334.73</b>	<b>8,925.00</b>	<b>15,300.00</b>
<b>58000 · Other Fees</b>					
58100 · County Lien Release	0.00		131.00		
58110 · Riverside County Fee	0.00	42.00	352.80	294.00	500.00
58120 · State Water fees	0.00	525.00	4,640.40	3,675.00	6,300.00
58130 · Election Fees	0.00	83.00	0.00	581.00	1,000.00
58000 · Other Fees - Other	0.00		467.98		
<b>Total 58000 · Other Fees</b>	<b>0.00</b>	<b>650.00</b>	<b>5,592.18</b>	<b>4,550.00</b>	<b>7,800.00</b>

**Cabazon Water District**  
**Profit & Loss Budget Performance**  
January 2016

	Jan 16	Budget	Jul '15 - Jan 16	YTD Budget	Annual Budget
<b>59000 · Service Tools &amp; Equipment</b>					
59110 · Shop Supplies and S	0.00	54.00	1,359.28	378.00	650.00
59120 · Vehicle Fuel	415.01	1,250.00	8,458.17	8,750.00	15,000.00
59130 · Employee Uniforms	0.00	92.00	0.00	644.00	1,100.00
59150 · Tractor Expenses	0.00	575.00	0.00	4,025.00	6,900.00
59160 · Backhoe Fuel	0.00	442.00	863.77	3,094.00	5,300.00
59170 · Equipment Rental	0.00		426.25		
59180 · Service Trucks - Rep.	261.05	625.00	7,655.79	4,375.00	7,500.00
59190 · Water Ops Cell Phon	0.00	183.00	766.09	1,281.00	2,200.00
59210 · Water Ops Computer	0.00	67.00	0.00	469.00	800.00
59220 · Communications	0.00	92.00	0.00	644.00	1,100.00
<b>Total 59000 · Service Tools &amp;</b>	<b>676.06</b>	<b>3,380.00</b>	<b>19,529.35</b>	<b>23,660.00</b>	<b>40,550.00</b>
<b>Total 52000 · Operational Expen</b>	<b>25,752.41</b>	<b>62,535.67</b>	<b>472,799.05</b>	<b>455,749.69</b>	<b>771,410.00</b>
<b>61000 · Non-Operating Expenses</b>					
61150 · Returned Checks	0.00		(0.01)		
61160 · Grant/Loan Processing	0.00	167.00	1,325.00	1,169.00	2,000.00
61170 · DWR Interest on Loans	0.00	1,125.00	3,467.49	7,875.00	13,500.00
61180 · DHPO Interest Expens	0.00	1,292.00	3,983.07	9,044.00	15,500.00
61190 · Bad Debt Expense	0.00	100.00	0.00	700.00	1,200.00
61220 · Reconciliation Discrep	0.00		(0.24)		
61240 · Miscellaneous	45.71	417.00	9,844.60	2,919.00	5,000.00
61241 · Website Support	0.00	621.00	299.00	4,347.00	7,450.00
61250 · Image Consultant	0.00		0.00	0.00	0.00
<b>Total 61000 · Non-Operating Exp</b>	<b>45.71</b>	<b>3,722.00</b>	<b>18,918.91</b>	<b>26,054.00</b>	<b>44,650.00</b>
<b>65000 · Depreciation and Amortization</b>					
65110 · Depreciation	22,189.00	22,200.00	155,323.00	155,400.00	266,400.00
<b>Total 65000 · Depreciation and A</b>	<b>22,189.00</b>	<b>22,200.00</b>	<b>155,323.00</b>	<b>155,400.00</b>	<b>266,400.00</b>
<b>Total Expense</b>	<b>71,992.26</b>	<b>113,983.67</b>	<b>828,203.07</b>	<b>815,885.69</b>	<b>1,388,780.00</b>
<b>Net Ordinary Income</b>	<b>113,594.26</b>	<b>87,147.33</b>	<b>(45,268.56)</b>	<b>5,431.31</b>	<b>0.00</b>
<b>Net Income</b>	<b>113,594.26</b>	<b>87,147.33</b>	<b>(45,268.56)</b>	<b>5,431.31</b>	<b>0.00</b>

PRELIMINARY

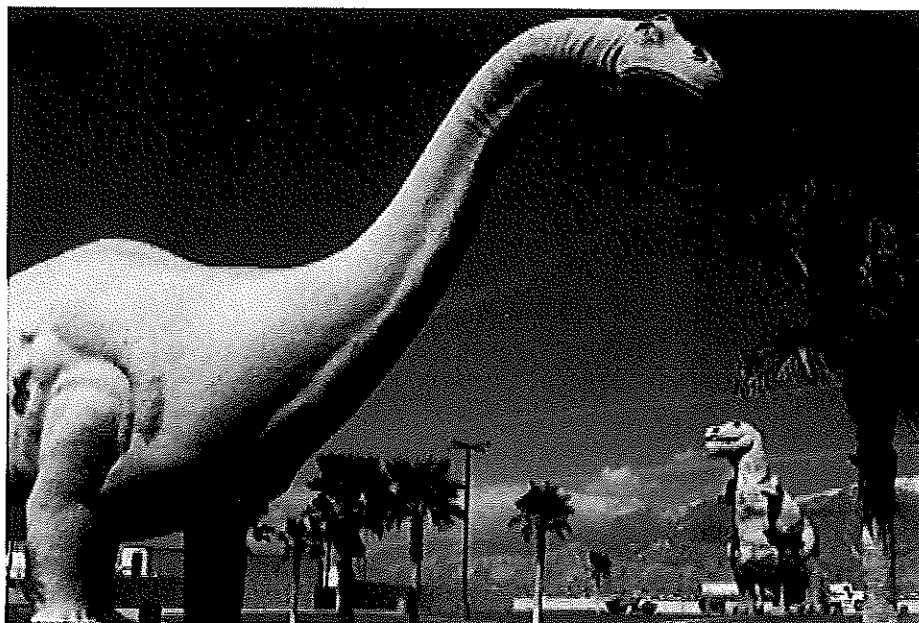
Cabazon Water District  
Statement of Cash Flows  
Month Ended January 31, 2016

Beginning Balance	<u>37,089.67</u>
Receipts:	
Water Service	111,730.57
Tax Revenue	76,016.06
Cell Tower Revenue	1,928.24
Customer Deposits	300.00
Interest Income	0.23
Other	<u>57.00</u>
Total Receipts	<u>190,032.10</u>
Expenditures:	
Paid Bills	34,957.59
Payroll Expenses	17,623.77
Deposit Refunds	-
Debt Repayment	-
Other	<u>363.69</u>
Total Expenditures	<u>52,945.05</u>
Net Receipts/(Expenditures)	<u>137,087.05</u>
Ending Cash	<u>174,176.72</u>
Cash Per GL	<u>174,176.72</u>

-



**Cabazon Water District**  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2015 and 2014**





**Cabazon Water District**  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Cabazon Water District**  
**Board of Directors as of June 30, 2015**

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
Janet Mejia	Chair	Appointed	06/14-12/15
Martin Sanderson	Vice Chair	Appointed	06/14-12/15
Teresa Bui	Director	Elected	12/13-12/17
Kerri Mariner	Director	Elected	12/11-12/15
Joseph Tobias	Director	Elected	12/13-12/17

**Cabazon Water District**  
**Calvin Louie, General Manager**  
**14618 Broadway Street**  
**P.O. Box 297**  
**Cabazon, California 92230**  
**(951) 849-4442**

**Cabazon Water District**

**Annual Financial Report**

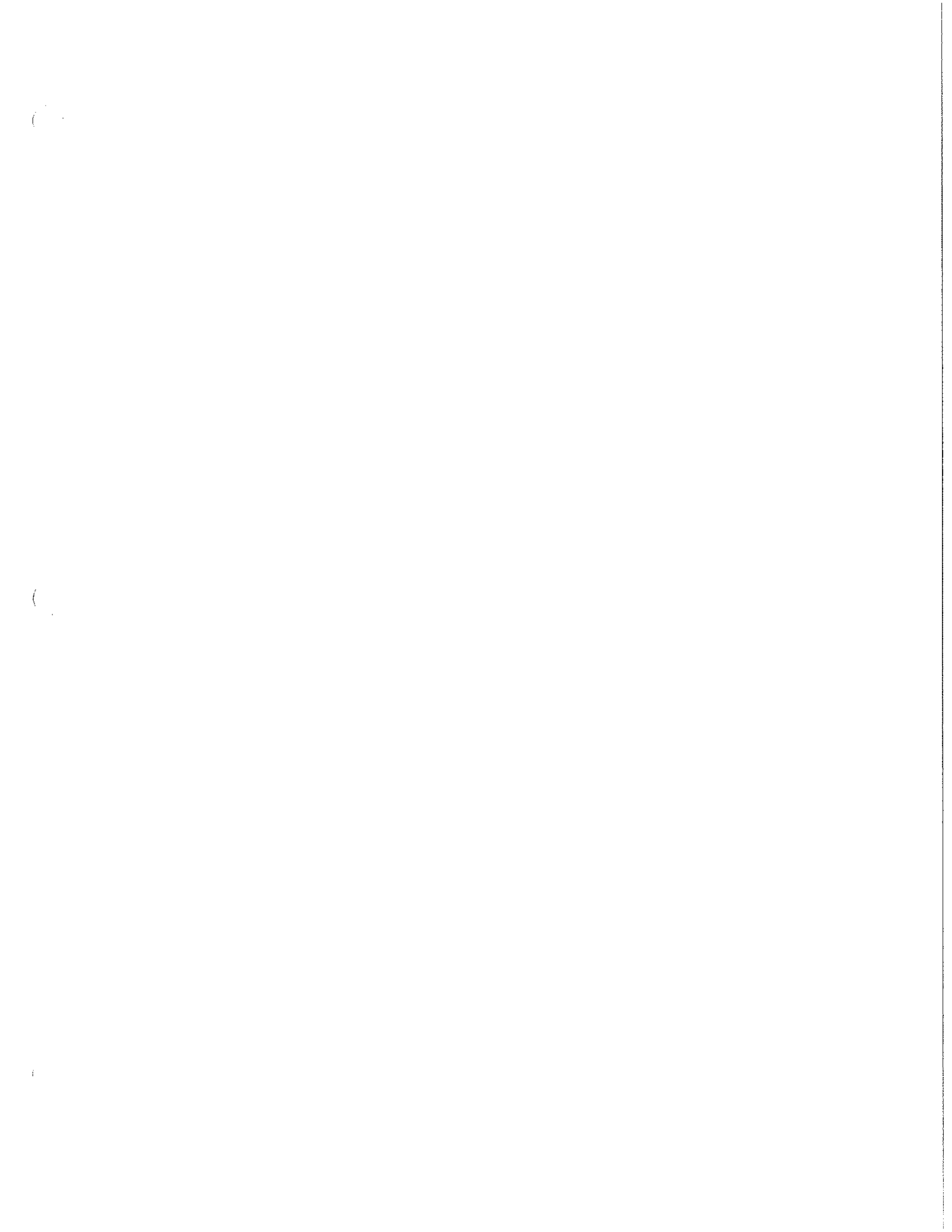
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Cabazon Water District  
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# **Introductory Section**





February 22, 2016

Board of Directors  
Cabazon Water District

### **Introduction**

It is our pleasure to submit the Annual Financial Report for the Cabazon Water District for the fiscal years ended June 30, 2015 and 2014, 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. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

This report is organized into two sections: (1) Introductory and (2) Financial. The Introductory section offers general information about the District's organization and current District activities, and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the District's basic financial statements, and the District's audited basic financial statements with accompanying Notes.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

### **District Structure and Leadership**

The Cabazon Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District was formed in 1954 and is governed by a five-member Board of Directors, elected at-large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs one (1) regular employee and three (3) part-time employees organized into two departments. The District's Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

The District provides water service to approximately 1,000 customers within its 7,040 acre service area, located in the eastern portion of Riverside County. The District encompasses the town of Cabazon and some of the unincorporated areas of Riverside County, California.

### **District Services**

Residential customers are approximately 97% of the District's customer base and consume approximately 90% of the water produced annually by the District. The District currently has a total of four groundwater wells with a maximum production capacity of 3,160 gallons per minute.

### **Economic Condition and Outlook**

The District office is located in the town of Cabazon in Riverside County. Regional growth has been constrained due to the continuing economic downturn. Future economic development within the region is anticipated to benefit from the proposed construction of a wastewater system and treatment facility by the District in conjunction with Riverside County agencies. The project is currently in the planning stages with initial funding to be provided from loans by the Economic Development Agency.

### **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

### **Budgetary Control**

The District Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

### **Investment Policy**

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, and institutional savings and checking accounts.

### **Water Rates and District Revenues**

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water rates are reviewed on an annual basis. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed meter standby charge.

### **Audit and Financial Reporting**

State Law and debt covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Fedak & Brown LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

**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 planning and implementation of the Cabazon Water District's fiscal policies.

Respectfully submitted,

---

Calvin Louie  
General Manager



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## **Financial Section**



## Independent Auditor's Report

Board of Directors  
Cabazon Water District  
Cabazon, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Cabazon Water District (District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cabazon Water District, as of June 30, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 6 through 9 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 audits 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.

#### *Prior Period Restatement*

As part of our audit of the June 30, 2015, financial statements, we audited the adjustments described in note 8. An adjustment for capital assets was applied to restate the June 30, 2014 and 2013, financial statements.

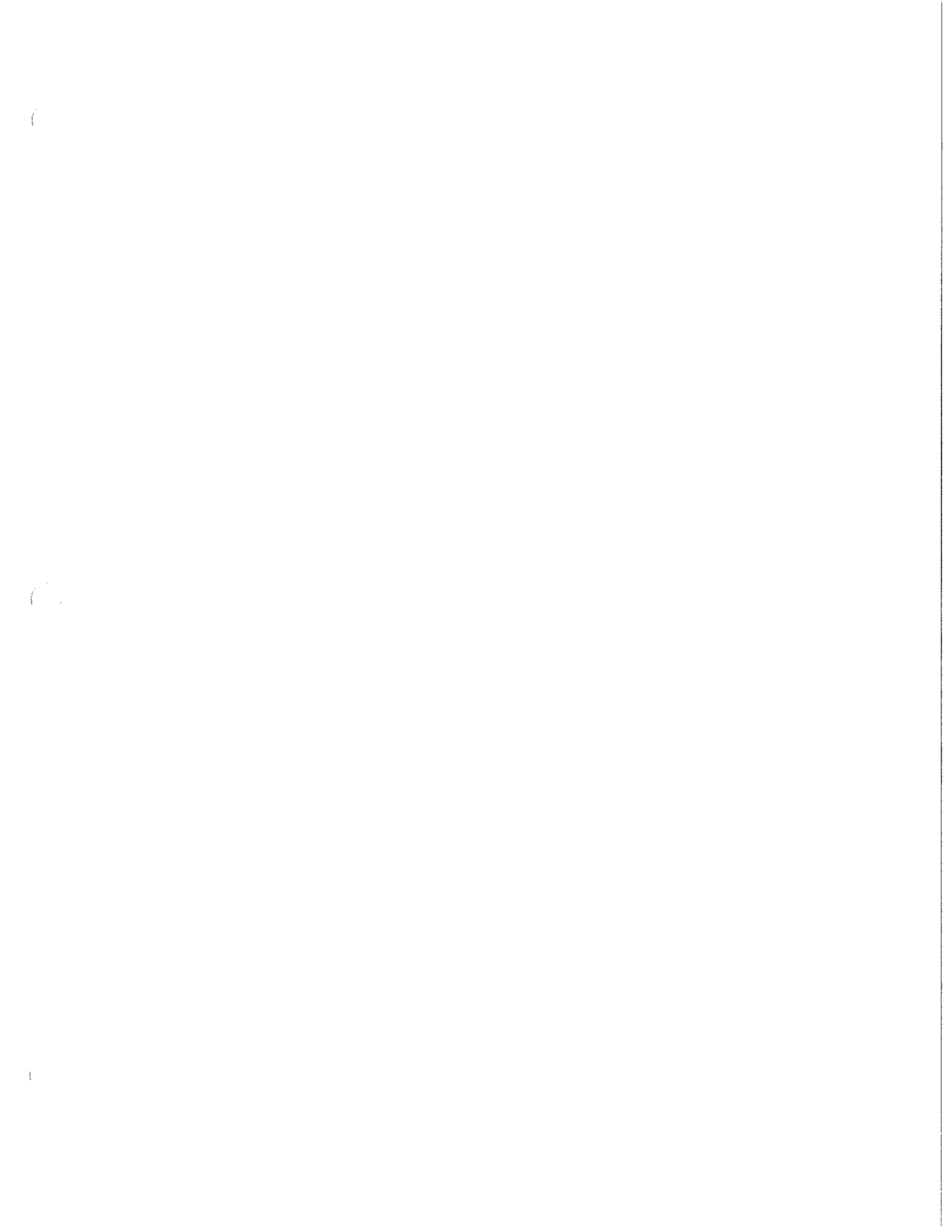
#### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 3, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Fedak & Brown LLP**  
Cypress, California  
February 22, 2016



**Cabazon Water District**  
*Management's Discussion and Analysis*  
**For the Fiscal Years Ended June 30, 2015 and 2014**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Cabazon Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District's net position increased 0.03% or \$1,526 to \$5,408,741 in fiscal year 2015. See note 8 for further discussion. In 2014, the District's net position increased 3.89% or \$202,450 to \$5,207,215.
- The District's operating revenues decreased 9.70% or \$135,464 in fiscal year 2015, due primarily to a decrease of \$130,852 in water consumption sales. In fiscal year 2014, the District's operating revenues increased 14.17% or \$173,338 due primarily to an increase of \$256,796 increase in water consumption sales; which was offset by a decrease of \$94,580 in facility fees.
- The District's operating expenses increased 15.52% or \$155,967 in 2015, due primarily to increases of \$106,838 in general and administrative expenses and \$48,360 in transmission and distribution. In 2014, the District's operating expenses increased 19.84% or \$166,410, due primarily to increases of \$13,333 in pumping and water treatment, \$12,318 in customer accounts, and \$134,479 in general and administrative expenses.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements 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 Statements of Net Position include 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 years' revenue and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the District's operations over the past years and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statements of Cash Flows, which provide information about the District's cash receipts and cash payments during the reporting period. The Statements of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflow, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Cabazon Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Financial Analysis of the District, continued**

These two statements report the District's *net position* and changes in them. One can think of the District's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 30.

**Statements of Net Position**

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 of the District exceeded liabilities by \$5,408,741 and \$5,407,215 as of June 30, 2015 and 2014, respectively.

By far the largest portion of the District's net assets (80% and 77% as of June 30, 2015 and 2014, 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.

At the end of fiscal years 2015 and 2014, the District showed a positive balance in its unrestricted net assets of \$1,001,457 and \$1,112,659. See Note 9 for further discussion.

**Condensed Statements of Net Position**

	<u>2015</u>	<u>As Restated 2014</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 1,144,839	1,324,363	(179,524)
Capital assets, net	<u>5,748,314</u>	<u>5,683,779</u>	<u>64,535</u>
<b>Total assets</b>	<u>6,893,153</u>	<u>7,008,142</u>	<u>(114,989)</u>
<b>Liabilities:</b>			
Current liabilities	190,747	197,852	(7,105)
Non-current liabilities	<u>1,293,665</u>	<u>1,403,075</u>	<u>(109,410)</u>
<b>Total liabilities</b>	<u>1,484,412</u>	<u>1,600,927</u>	<u>(116,515)</u>
<b>Net position:</b>			
Net investment in capital assets	4,345,238	4,174,102	171,136
Restricted for debt service	62,046	120,454	(58,408)
Unrestricted	<u>1,001,457</u>	<u>1,112,659</u>	<u>(111,202)</u>
<b>Total net position</b>	<u>\$ 5,408,741</u>	<u>5,407,215</u>	<u>1,526</u>



**Cabazon Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2015</u>	<u>As Restated 2014</u>	<u>Change</u>
<b>Revenues:</b>			
Operating revenues	\$ 1,261,269	1,396,733	(135,464)
Non-operating revenues	90,209	93,050	(2,841)
<b>Total revenues</b>	<u>1,351,478</u>	<u>1,489,783</u>	<u>(138,305)</u>
<b>Expenses:</b>			
Operating expenses	1,161,172	1,005,205	155,967
Depreciation	259,360	254,344	5,016
Non-operating expenses	55,392	49,822	5,570
<b>Total expenses</b>	<u>1,475,924</u>	<u>1,309,371</u>	<u>166,553</u>
<b>Net income(loss) before capital contributions</b>	(124,446)	180,412	(304,858)
<b>Capital contributions</b>	<u>125,972</u>	<u>22,038</u>	<u>103,934</u>
<b>Change in net position</b>	1,526	202,450	(200,924)
<b>Net position, beginning of year</b>	<u>5,407,215</u>	<u>5,204,765</u>	<u>202,450</u>
<b>Net position, end of year</b>	<u>\$ 5,408,741</u>	<u>5,407,215</u>	<u>1,526</u>

The statements of revenues, expenses and changes in net assets show how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$1,526 and \$202,450 for the fiscal years ended June 30, 2015 and 2014, respectively.

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

The District's net position increased 0.03% or \$1,526 to \$5,408,741 in fiscal year 2015. See note 8 for further discussion. In 2014, the District's net position increased 3.89% or \$202,450 to \$5,207,215.

The District's operating revenues decreased 9.70% or \$135,464 in fiscal year 2015, due primarily to a decrease of \$130,852 in water consumption sales. In fiscal year 2014, the District's operating revenues increased 14.17% or \$173,338 due primarily to an increase of \$256,796 increase in water consumption sales; which was offset by a decrease of \$94,580 in facility fees.

The District's operating expenses increased 15.52% or \$155,967 in 2015, due primarily to increases of \$106,838 in general and administrative expenses and \$48,360 in transmission and distribution. In 2014, the District's operating expenses increased 19.84% or \$166,410, due primarily to increases of \$13,333 in pumping and water treatment, \$12,318 in customer accounts, and \$134,479 in general and administrative expenses.

**Capital Asset Administration**

At the end of fiscal years 2015 and 2014, the District's investment in capital assets amounted to \$5,748,314 and \$5,683,779 (net of accumulated depreciation), respectively. This investment in capital assets includes land, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles and construction-in-process, etc. Major capital assets additions during the year include improvements to the transmission and distribution system and source of supply.

**Cabazon Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Capital Asset Administration, continued**

Changes in capital asset amounts for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2015</u>
Capital assets:				
Non-depreciable assets	\$ 424,841	251,994	(177,809)	499,026
Depreciable assets	9,411,410	282,756	(193,249)	9,500,917
Accumulated depreciation	<u>(4,152,472)</u>	<u>(259,360)</u>	<u>160,203</u>	<u>(4,251,629)</u>
Total capital assets, net	<u>\$ 5,683,779</u>	<u>275,390</u>	<u>(210,855)</u>	<u>5,748,314</u>

Changes in capital asset amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Transfers/ Deletions</u>	<u>Balance 2014</u>
Capital assets:				
Non-depreciable assets	\$ 454,295	224,911	(254,365)	424,841
Depreciable assets	9,029,276	382,134	-	9,411,410
Accumulated depreciation	<u>(3,898,128)</u>	<u>(254,344)</u>	<u>-</u>	<u>(4,152,472)</u>
Total capital assets, net	<u>\$ 5,585,443</u>	<u>352,701</u>	<u>(254,365)</u>	<u>5,683,779</u>

**Debt Administration**

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

	<u>Balance 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2015</u>
Long-term debt:				
Loans payable	\$ 1,509,677	-	(106,601)	1,403,076
Total loans payable	<u>\$ 1,509,677</u>	<u>-</u>	<u>(106,601)</u>	<u>1,403,076</u>

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2014</u>
Long-term debt:				
Loans payable	\$ 1,613,952	-	(104,275)	1,509,677
Total loans payable	<u>\$ 1,613,952</u>	<u>-</u>	<u>(104,275)</u>	<u>1,509,677</u>

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net assets 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 the District's General Manager at 14618 Broadway Street, P.O. Box 297, Cabazon, California 92230.

# **Basic Financial Statements**



**Cabazon Water District  
Statements of Net Position  
June 30, 2015 and 2014**

	<u>2015</u>	<u>As Restated 2014</u>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 833,693	939,167
Cash and cash equivalents – restricted (note 2)	62,046	120,454
Accrued interest receivable	475	370
Accounts receivable – water sales, net (note 3)	115,924	138,275
Property taxes and assessments receivable	18,676	14,833
Note receivable (note 4)	-	11,680
Materials and supplies inventory	103,053	88,632
Prepaid and other assets	10,972	10,952
Total current assets	<u>1,144,839</u>	<u>1,324,363</u>
<b>Non-current assets:</b>		
Capital assets – non-depreciable (note 5)	499,026	424,841
Capital assets, net (note 5)	5,249,288	5,258,938
Total non-current assets	<u>5,748,314</u>	<u>5,683,779</u>
Total assets	<u>6,893,153</u>	<u>7,008,142</u>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	45,622	52,375
Accrued wages and related payables	3,968	7,677
Customer advances and deposits	11,742	13,356
Accrued interest payable on long-term debt	7,415	8,120
Long-term liabilities – due within one year:		
Compensated absences (note 6)	12,589	9,722
Loans payable (note 7)	109,411	106,602
Total current liabilities	<u>190,747</u>	<u>197,852</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Loans payable (note 7)	1,293,665	1,403,075
Total non-current liabilities	<u>1,293,665</u>	<u>1,403,075</u>
Total liabilities	<u>1,484,412</u>	<u>1,600,927</u>
<b>Net position: (note 8 and 9)</b>		
Net investment in capital assets	4,345,238	4,174,102
Restricted	62,046	120,454
Unrestricted	1,001,457	1,112,659
Total net position	<u>\$ 5,408,741</u>	<u>5,407,215</u>

See accompanying notes to the basic financial statements

**Cabazon Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>As Restated 2014</b>
<b>Operating revenues:</b>		
Water consumption sales	\$ 1,112,105	1,242,957
Connection fees	2,880	2,400
Standby fees	101,405	103,744
Facility fees	8,020	8,020
Other charges	36,859	39,612
<b>Total operating revenues</b>	<b>1,261,269</b>	<b>1,396,733</b>
<b>Operating expenses:</b>		
Pumping and water treatment	114,435	120,108
Transmission and distribution	317,751	269,391
Customer accounts	43,755	37,313
General and administrative	685,231	578,393
<b>Total operating expenses</b>	<b>1,161,172</b>	<b>1,005,205</b>
Operating income before depreciation and amortization	100,097	391,528
Depreciation	(259,360)	(254,344)
<b>Operating income (loss)</b>	<b>(159,263)</b>	<b>137,184</b>
<b>Non-operating revenue (expense)</b>		
Property taxes	57,072	57,141
Rental income – cellular antennas	26,610	29,541
Investment earnings	6,527	6,368
Interest expense – long-term debt	(31,292)	(32,870)
Other non-operating revenue (expense), net	(24,100)	(16,952)
<b>Total non-operating revenues, net</b>	<b>34,817</b>	<b>43,228</b>
<b>Net income before capital contributions</b>	<b>(124,446)</b>	<b>180,412</b>
<b>Capital contributions</b>		
Contributed capital assets	125,972	22,038
<b>Change in net position</b>	<b>1,526</b>	<b>202,450</b>
<b>Net position, beginning of year</b>	<b>5,407,215</b>	<b>5,204,765</b>
<b>Net position, end of year</b>	<b>\$ 5,408,741</b>	<b>5,407,215</b>

See accompanying notes to the basic financial statements

**Cabazon Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Cash receipts from customers for water sales	\$ 1,192,281	1,300,590
Proceeds from standby fees	101,405	103,744
Cash paid to employees for salaries and wages	(173,295)	(167,813)
Cash paid to vendors and suppliers for materials and services	(1,034,012)	(876,090)
Net cash provided by operating activities	86,379	360,431
Cash flows from non-capital financing activities:		
Proceeds from rental income – cellular antennas	26,610	29,541
Proceeds from property taxes	53,229	58,389
Net cash provided by non-capital financing activities	79,839	87,930
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(323,895)	(352,681)
Proceeds from capital contributions	125,972	22,038
Principal paid on long-term debt	(106,602)	(104,275)
Interest paid on long-term debt	(31,292)	(32,870)
Net cash used in capital and related financing activities	(335,817)	(467,788)
Cash flows from investing activities:		
Interest earnings	5,717	5,615
Net cash provided by investing activities	5,717	5,615
<b>Net decrease in cash and cash equivalents</b>	<b>(163,882)</b>	<b>(13,812)</b>
Cash and cash equivalents, beginning of year	1,059,621	1,073,433
Cash and cash equivalents, end of year	\$ 895,739	1,059,621
Reconciliation of cash and cash equivalents to statements of financial position:		
Cash and cash equivalents	\$ 833,693	939,167
Restricted assets – cash and cash equivalents	62,046	120,454
Total cash and cash equivalents	\$ 895,739	1,059,621

Continued on next page

See accompanying notes to the basic financial statements

**Cabazon Water District**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>As Restated 2014</b>
Reconciliation of operating income (loss) to net cash provided		
by operating activities:		
Operating income (loss)	\$ <u>(159,263)</u>	<u>137,184</u>
Adjustments to reconcile operating loss to net cash provided		
by operating activities:		
Depreciation	259,360	254,344
Other non-operating	(24,099)	(16,952)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable – water sales and services, net	22,351	3,060
Note receivable	11,680	9,159
Materials and supplies inventory	(14,421)	(17,744)
Prepaid and other assets	(20)	(1,408)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,753)	(7,234)
Accrued wages and related payables	(3,709)	2,677
Compensated absences	2,867	1,963
Customer advances and deposits	<u>(1,614)</u>	<u>(4,618)</u>
Total adjustments	<u>245,642</u>	<u>223,247</u>
Net cash provided by operating activities	\$ <u><u>86,379</u></u>	<u><u>360,431</u></u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of funds deposited with LAIF	\$ <u><u>53</u></u>	<u><u>17</u></u>

See accompanying notes to the basic financial statements



**Cabazon Water District**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Cabazon Water District (District) was formed on May 21, 1954, and provides potable water and water services within a 7,040 acre service area between the cities of Beaumont and Palm Springs within the County of Riverside. The District is governed by a five-member Board of Directors who serve four year terms.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area 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 purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**C. Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

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

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

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

**3. Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Accounts Receivable and Allowance for Uncollectible Accounts**

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

**5. Property Taxes and Assessments**

The County of Riverside Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the District's share of property taxes and assessments. In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under this plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and by such financing, Cabazon Water District receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Riverside, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

**6. Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using a first-in, first-out cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

**7. Prepaid Expenses**

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

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

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

**8. 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 \$1,000. Donated assets are recorded at estimated fair market value at the date of donation. 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:

- Transmission and distribution mains – 15 to 40 years
- Reservoirs and tanks – 10 to 40 years
- Wells – 10 to 30 years
- Buildings and structures – 5 to 40 years
- Office furniture and equipment – 5 to 10 years
- Tools and equipment – 7 to 20 years
- Vehicles – 5 years

**9. Compensated Absences**

The District's policy is to permit employees to accumulate earned vacation up to a total of 240 hours with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time.

**10. Net Position**

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net Investment in Capital Assets Component of Net Position* – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- *Restricted Component of Net Position* – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted Component of Net Position* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

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

**11. Water Sales**

Water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30 has been accrued at year-end.

**12. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures, or capacity commitment.

**13. Budgetary Policies**

The District adopts an annual 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.

**(2) Cash and Investments**

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 833,693	939,167
Restricted – cash and cash equivalents	62,046	120,454
Total	<u>\$ 895,739</u>	<u>1,059,621</u>

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

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 100	100
Deposits with bank	161,689	323,450
Investments	733,950	736,071
Total	<u>\$ 895,739</u>	<u>1,059,621</u>

As of June 30, the District's authorized deposits had the following maturities:

	<u>2015</u>	<u>2014</u>
Deposits in California Local Agency Investment Fund (LAIF)	239 days	232 days

***Investments Authorized by the California Government Code and the District's Investment Policy***

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(2) Cash and Investments, continued**

*Investments Authorized by the California Government Code and the District's Investment Policy, continued*

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

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

Of the bank balances, up to \$250,000 as of June 30, 2015 and 2014, 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 Agency 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.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(2) Cash and Investments, continued**

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District can manage 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 for cash flow requirements 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, 2015 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining maturity 12 months or less</u>
Local Agency Investment Fund (LAIF)	\$ 671,904	671,904
Held by bond trustee:		
Money market funds	62,046	62,046
	<u>\$ 733,950</u>	<u>733,950</u>

Maturities of investments at June 30, 2014 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining maturity 12 months or less</u>
Local Agency Investment Fund (LAIF)	\$ 670,213	670,213
Money market funds	238	238
Held by bond trustee:		
Money market funds	65,620	65,620
	<u>\$ 736,071</u>	<u>736,071</u>

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(2) Cash and Investments, continued**

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Rating as of year-end AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 671,904	N/A	-	671,904
Held by bond trustee:				
Money market funds	<u>62,046</u>	<u>AAA</u>	<u>62,046</u>	<u>-</u>
	<u>\$ 733,950</u>		<u>62,046</u>	<u>671,904</u>

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Rating as of year-end AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 670,213	N/A	-	670,213
Money market funds	238	AAA	238	-
Held by bond trustee:				
Money market funds	<u>65,620</u>	<u>AAA</u>	<u>65,620</u>	<u>-</u>
	<u>\$ 736,071</u>		<u>65,858</u>	<u>670,213</u>

***Concentration of Credit Risk***

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District's investments as of June 30, 2015 and 2014.

**(3) Accounts Receivable**

***Water Sales and Services, Net***

The balance at June 30, consists of the following:

	<u>2015</u>	<u>2014</u>
Accounts receivable - water sales and services	\$ 132,021	165,146
Allowance for uncollectable accounts	<u>(16,097)</u>	<u>(26,871)</u>
	<u>\$ 115,924</u>	<u>138,275</u>

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(4) Note Receivable**

***Note Receivable – Beaumont Concrete Company***

In 1995, the District entered into an agreement with the Beaumont Concrete Company regarding contributions to a Water System Improvement Project and for the acquisition of a parcel of land. Terms of the agreement provide that the District will receive annual principal, and interest payments at the rate of 2.50%, maturing June 1, 2015. These funds are obtained through standby fees collected by the County of Riverside as a portion of Current Secured Taxes and Assessments. Standby fees applied to principal were \$11,680 and \$9,159 at June 30, 2015 and 2014, respectively.

The change in note receivable for 2015 is as follows:

	<u>Balance 2014</u>	<u>Principal Payments</u>	<u>Balance 2015</u>
Beaumont Concrete Company	\$ 11,680	(11,680)	-
Total long-term debt	11,680	<u>(11,680)</u>	-
Less current portion	<u>(11,680)</u>		-
Total non-current	<u>\$ -</u>		<u>-</u>

The change in note receivable for 2014 is as follows:

	<u>Balance 2013</u>	<u>Principal Payments</u>	<u>Balance 2014</u>
Beaumont Concrete Company	\$ 20,839	(9,159)	11,680
Total long-term debt	20,839	<u>(9,159)</u>	11,680
Less current portion	<u>(9,159)</u>		<u>(11,680)</u>
Total non-current	<u>\$ 11,680</u>		<u>-</u>



**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(5) Capital Assets**

Changes in capital assets for 2015 were as follows:

	<u>Restated Balance 2014</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2015</u>
<b>Non-depreciable assets:</b>				
Land	\$ 409,548	-	-	409,548
Construction-in-process	15,293	251,994	(177,809)	89,478
<b>Total non-depreciable assets</b>	<u>424,841</u>	<u>251,994</u>	<u>(177,809)</u>	<u>499,026</u>
<b>Depreciable assets:</b>				
Transmission and distribution mains	7,724,209	43,441	-	7,767,650
Source of supply	1,220,181	228,383	-	1,448,564
Tools and equipment	118,016	-	-	118,016
Buildings and structures	140,360	-	(129,737)	10,623
Office furniture and equipment	107,156	10,932	(63,512)	54,576
Vehicles	90,456	-	-	90,456
Intangible plant	11,032	-	-	11,032
<b>Total depreciable assets</b>	<u>9,411,410</u>	<u>282,756</u>	<u>(193,249)</u>	<u>9,500,917</u>
<b>Accumulated depreciation:</b>				
Transmission and distribution mains	(3,490,013)	(194,314)	-	(3,684,327)
Source of supply	(256,563)	(57,087)	-	(313,650)
Tools and equipment	(111,082)	(2,378)	-	(113,460)
Buildings and structures	(99,493)	(579)	96,691	(3,381)
Office furniture and equipment	(103,692)	(1,581)	63,512	(41,761)
Vehicles	(81,209)	(3,171)	-	(84,380)
Intangible plant	(10,420)	(250)	-	(10,670)
<b>Total accumulated depreciation</b>	<u>(4,152,472)</u>	<u>(259,360)</u>	<u>160,203</u>	<u>(4,251,629)</u>
<b>Total depreciable assets, net</b>	<u>5,258,938</u>	<u>23,396</u>	<u>(33,046)</u>	<u>5,249,288</u>
<b>Total capital assets, net</b>	<u>\$ 5,683,779</u>			<u>5,748,314</u>

Major capital assets additions during the year include improvements to the transmission and distribution system and source of supply.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(5) Capital Assets, continued**

Changes in capital assets for 2014 were as follows:

	<u>Restated Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Restated Balance 2014</u>
Non-depreciable assets:				
Land	\$ 409,548	-	-	409,548
Construction-in-process	44,747	224,911	(254,365)	15,293
Total non-depreciable assets	<u>454,295</u>	<u>224,911</u>	<u>(254,365)</u>	<u>424,841</u>
Depreciable assets:				
Transmission and distribution mains	7,617,855	106,354	-	7,724,209
Source of supply	950,615	269,566	-	1,220,181
Tools and equipment	118,016	-	-	118,016
Buildings and structures	135,535	4,825	-	140,360
Office furniture and equipment	105,767	1,389	-	107,156
Vehicles	90,456	-	-	90,456
Intangible plant	11,032	-	-	11,032
Total depreciable assets	<u>9,029,276</u>	<u>382,134</u>	<u>-</u>	<u>9,411,410</u>
Accumulated depreciation:				
Transmission and distribution mains	(3,303,699)	(186,314)	-	(3,490,013)
Source of supply	(206,919)	(49,644)	-	(256,563)
Tools and equipment	(108,704)	(2,378)	-	(111,082)
Buildings and structures	(95,780)	(3,713)	-	(99,493)
Office furniture and equipment	(101,794)	(1,898)	-	(103,692)
Vehicles	(71,062)	(10,147)	-	(81,209)
Intangible plant	(10,170)	(250)	-	(10,420)
Total accumulated depreciation	<u>(3,898,128)</u>	<u>(254,344)</u>	<u>-</u>	<u>(4,152,472)</u>
Total depreciable assets, net	<u>5,131,148</u>	<u>127,790</u>	<u>-</u>	<u>5,258,938</u>
Total capital assets, net	<u>\$ 5,585,443</u>			<u>5,683,779</u>

Major capital assets additions during the year include improvements to the transmission and distribution system and source of supply.

**(6) Compensated Absences**

The changes in compensated absence balances at June 30, were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2015</u>
\$	<u>9,722</u>	<u>10,928</u>	<u>(8,061)</u>	<u>12,589</u>
	<u>Balance 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2014</u>
\$	<u>7,759</u>	<u>9,386</u>	<u>(7,423)</u>	<u>9,722</u>

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(7) Long-Term Debt**

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

	<u>Balance 2014</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2015</u>
1993 Calif. Dept. of Water Resources Loan - E58416	\$ 498,393	-	(35,164)	463,229
Zions First National Bank	711,284	-	(71,437)	639,847
Riverside County Economic Development Agency	300,000	-	-	300,000
Total long-term debt	1,509,677	-	(106,601)	1,403,076
Less current portion	(106,602)			(109,411)
Total non-current	\$ <u>1,403,075</u>			<u>1,293,665</u>

Changes in long-term debt in 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2014</u>
1993 Calif. Dept. of Water Resources Loan - E58416	\$ 532,541	-	(34,148)	498,393
Zions First National Bank	781,411	-	(70,127)	711,284
Riverside County Economic Development Agency	300,000	-	-	300,000
Total long-term debt	1,613,952	-	(104,275)	1,509,677
Less current portion	(103,827)			(106,602)
Total non-current	\$ <u>1,510,125</u>			<u>1,403,075</u>

**Loans Payable**

**1993 California Dept. of Water Resources Loan – E58416**

In 1993 the Cabazon Water District contracted with the California Department of Water Resources for a \$979,860, 30-year loan under the 1984 California Safe Drinking Water Bond Law to fund capital improvements in order to comply with the California Safe Drinking Water Standards. Terms of the loan call for monthly debt service deposits by the District with a trustee. Principal and interest payments of \$24,808 are payable semi-annually on October 1<sup>st</sup> and April 1<sup>st</sup> each year at a rate of 2.955%, with the obligation maturing in 2026. Annual debt service requirements on the 1993 California Dept. of Water Resources Loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 36,183	13,452	49,635
2017	37,314	12,321	49,635
2018	38,399	11,236	49,635
2019	39,542	10,093	49,635
2020	40,702	8,933	49,635
2021-2025	222,509	25,666	248,175
2026	48,580	1,055	49,635
Total	463,229	82,756	545,985
Less current portion	(36,183)		
Total non-current	\$ <u>427,046</u>		

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(7) Long-Term Debt, continued**

***Zions First National Bank***

In 2013, the Cabazon Water District entered into a loan agreement with Zions First National Bank in the amount of \$787,309 to refinance the 1993 California Dept. of Water Resources Loan – E62039, and provide funding for the construction and upgrade of District transmission mains. Terms of the loan call for semi-annual debt service payments of principal and interest payable on April 1<sup>st</sup> and October 1<sup>st</sup> of each year at a rate of 2.49%, maturing in 2023. Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 73,228	15,475	88,703
2017	75,062	13,641	88,703
2018	76,942	11,761	88,703
2019	78,870	9,833	88,703
2020	80,846	7,857	88,703
2021-2023	<u>254,899</u>	<u>11,212</u>	<u>266,111</u>
Total	639,847	<u>69,779</u>	<u>709,626</u>
Less current portion	<u>(73,228)</u>		
Total non-current	\$ <u>566,619</u>		

***Riverside County Economic Development Agency***

In 1997, the Cabazon Water District contracted with the Riverside County Economic Development Agency for a \$300,000 loan to construct water improvements, in conjunction with MKA Cabazon Partnership Construction Agreement. The agreement calls for a zero interest loan with funds to be repaid with connection fees as development occurs. The unpaid balance has been classified as long-term as no connections are anticipated in 2015.

**(8) Restatement of Net Position**

In fiscal year 2015, the District determined that capital assets related to the 2013 fiscal year were overstated. As a result, the District recorded a prior period adjustment to net position in the amount of \$103,695 at June 30, 2013. The effect of the above change is summarized as follows:

Net position as of June 30, 2013, as previously stated	\$ 5,308,460
Effect of adjustment to capital assets	<u>(103,695)</u>
Net position as of June 30, 2013, as restated	5,204,765
Change in net position	<u>202,450</u>
Net position as of June 30, 2014, as restated	<u>\$ 5,407,215</u>

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(9) Net Position**

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

	<u>2015</u>	<u>2014</u>
Net investment in capital assets:		
Capital assets, net	\$ 5,748,314	5,683,779
Loans payable – current portion	(109,411)	(106,602)
Loans payable – non-current portion	<u>(1,293,665)</u>	<u>(1,403,075)</u>
Total net investment in capital assets	<u>4,345,238</u>	<u>4,174,102</u>
Restricted for debt service	<u>62,046</u>	<u>120,454</u>
Unrestricted:		
Non-spendable unrestricted net position:		
Materials and supplies inventory	103,053	88,632
Prepaid and other assets	<u>10,972</u>	<u>10,952</u>
Total non-spendable unrestricted net position	<u>114,025</u>	<u>99,584</u>
Spendable unrestricted net position is designated as follows:		
Operating reserve	<u>887,432</u>	<u>1,013,075</u>
Total spendable unrestricted net position	<u>887,432</u>	<u>1,013,075</u>
Total unrestricted net position	<u>1,001,457</u>	<u>1,112,659</u>
Total net position	<u>\$ 5,408,741</u>	<u>5,407,215</u>

**(10) Defined Benefit Pension Plan**

***Plan Description***

The District provides pension benefits to all covered employees under the Collective Bargaining Agreement to the Service Employees International Union National Industry Pension Fund. The District's contribution is based on 15% of gross wages. The District's contributions to the Plan were \$28,778 and \$26,816 at June 30, 2015 and 2014, respectively.

**(11) Deferred Compensation Savings Plan**

***401(a) Plan***

In 2003, as amended in 2008, the District offered a Profit Sharing 401(a) Plan (Plan), to qualified employees. Participation in the Plan is open to employees who do not meet the eligibility requirements for pension benefits under the terms of a separate collective bargaining agreement. At June 30, 2015 and 2014, the Plan included two participants, respectively. The market value of all assets held in trust by the District's 401(a) Plan at June 30, 2015 and 2014, amounted to \$112,558 and \$77,955, respectively.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(12) 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 insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2015:

- Property: Blanket limit of \$6,058,000 with a \$1,000 deductible per incident.
- Bodily injury and property damage: \$1,000,000 per occurrence and \$3,000,000 in the aggregate.
- Personal and advertising injury: \$1,000,000 per person or organization and \$3,000,000 in the aggregate.
- Professional liability: \$1,000,000 per claim and \$3,000,000 in the aggregate.
- Wrongful acts: \$1,000,000 per claim and \$3,000,000 in the aggregate with a \$1,000 deductible.
- Employment practices liability: \$1,000,000 per claim and \$3,000,000 in the aggregate.
- Employee benefits liability: \$1,000,000 per person and \$3,000,000 in the aggregate.
- Automobile: \$1,000,000 per occurrence with a \$1,000,000 combined single limit.
- Crime coverage: \$5,000 to \$250,000 limits per occurrence varying by type of infraction.
- Excess liability: \$4,000,000 employer's liability excluded.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that has effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 72***

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

***Governmental Accounting Standards Board Statement No. 73***

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans as pensions that are within their respective scopes.

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after December 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. 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. 74***

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

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

***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 December 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. 76***

In June 2015, the GASB issued Statement No. 75 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015, and should be applied retroactively.

***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.



**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

***Governmental Accounting Standards Board Statement No. 77, continued***

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.

**(14) Commitments and Contingencies**

***Grant Awards***

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

***Litigation***

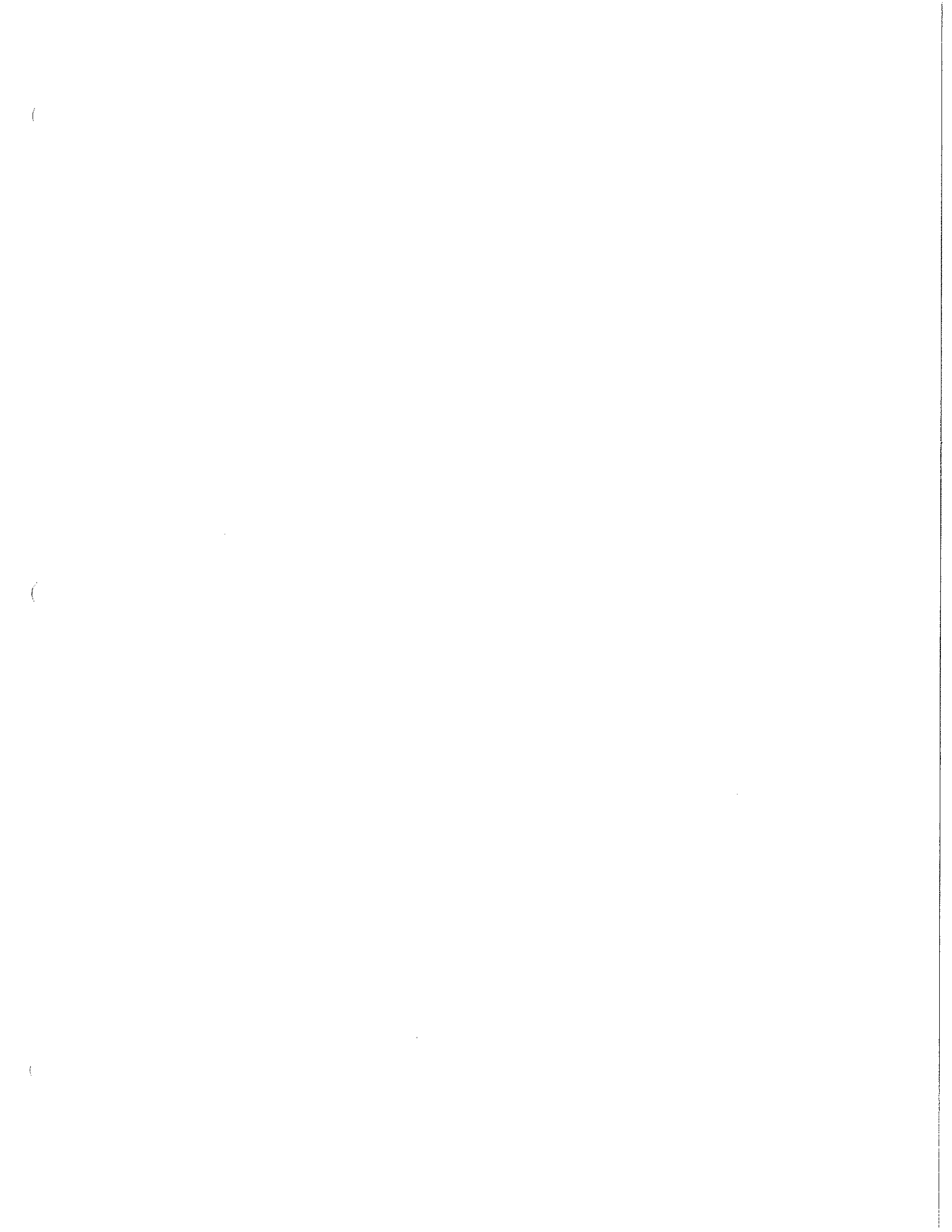
In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(15) Subsequent Events**

Events occurring after June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure as of February 22, 2016, which is the date the financial statements were available to be issued.

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# **Report on Internal Controls and Compliance**



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

Board of Directors  
Cabazon Water District  
Cabazon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cabazon Water District (District), as of and for the years June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

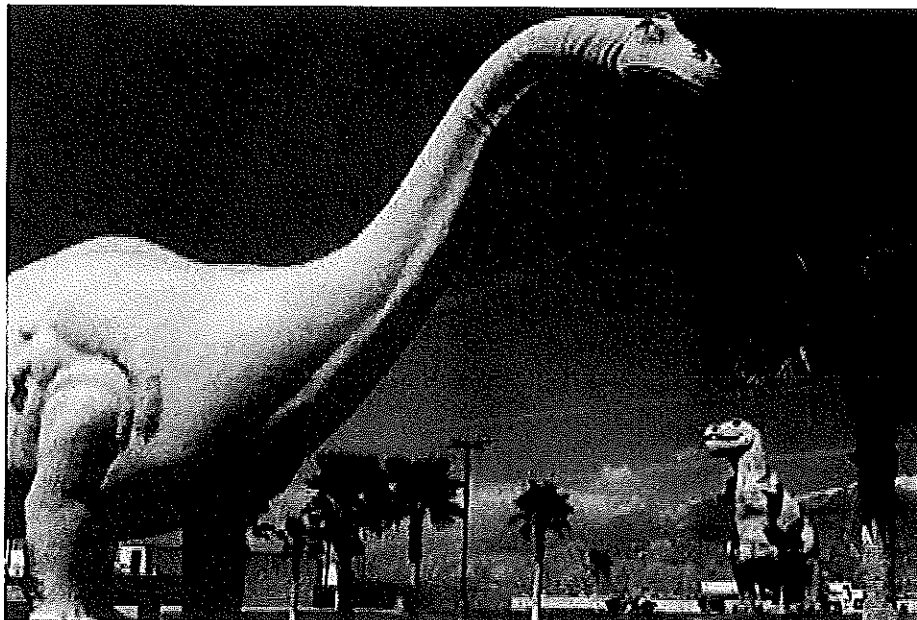
**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Fedak & Brown LLP**  
Cypress, California  
February 22, 2016



**Cabazon Water District**  
**Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2015 and 2014**



**Cabazon Water District**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2015 and 2014**



# **Introductory Section**



February 22, 2016

Board of Directors  
Cabazon Water District

### **Introduction**

It is our pleasure to submit the Annual Financial Report for the Cabazon Water District for the fiscal years ended June 30, 2015 and 2014, 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. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

This report is organized into two sections: (1) Introductory and (2) Financial. The Introductory section offers general information about the District's organization and current District activities, and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the District's basic financial statements, and the District's audited basic financial statements with accompanying Notes.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

### **District Structure and Leadership**

The Cabazon Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District was formed in 1954 and is governed by a five-member Board of Directors, elected at-large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs one (1) regular employee and three (3) part-time employees organized into two departments. The District's Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

The District provides water service to approximately 1,000 customers within its 7,040 acre service area, located in the eastern portion of Riverside County. The District encompasses the town of Cabazon and some of the unincorporated areas of Riverside County, California.

**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 planning and implementation of the Cabazon Water District's fiscal policies.

Respectfully submitted,

---

Calvin Louie  
General Manager

## **Financial Section**

## Independent Auditor's Report

Board of Directors  
Cabazon Water District  
Cabazon, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Cabazon Water District (District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

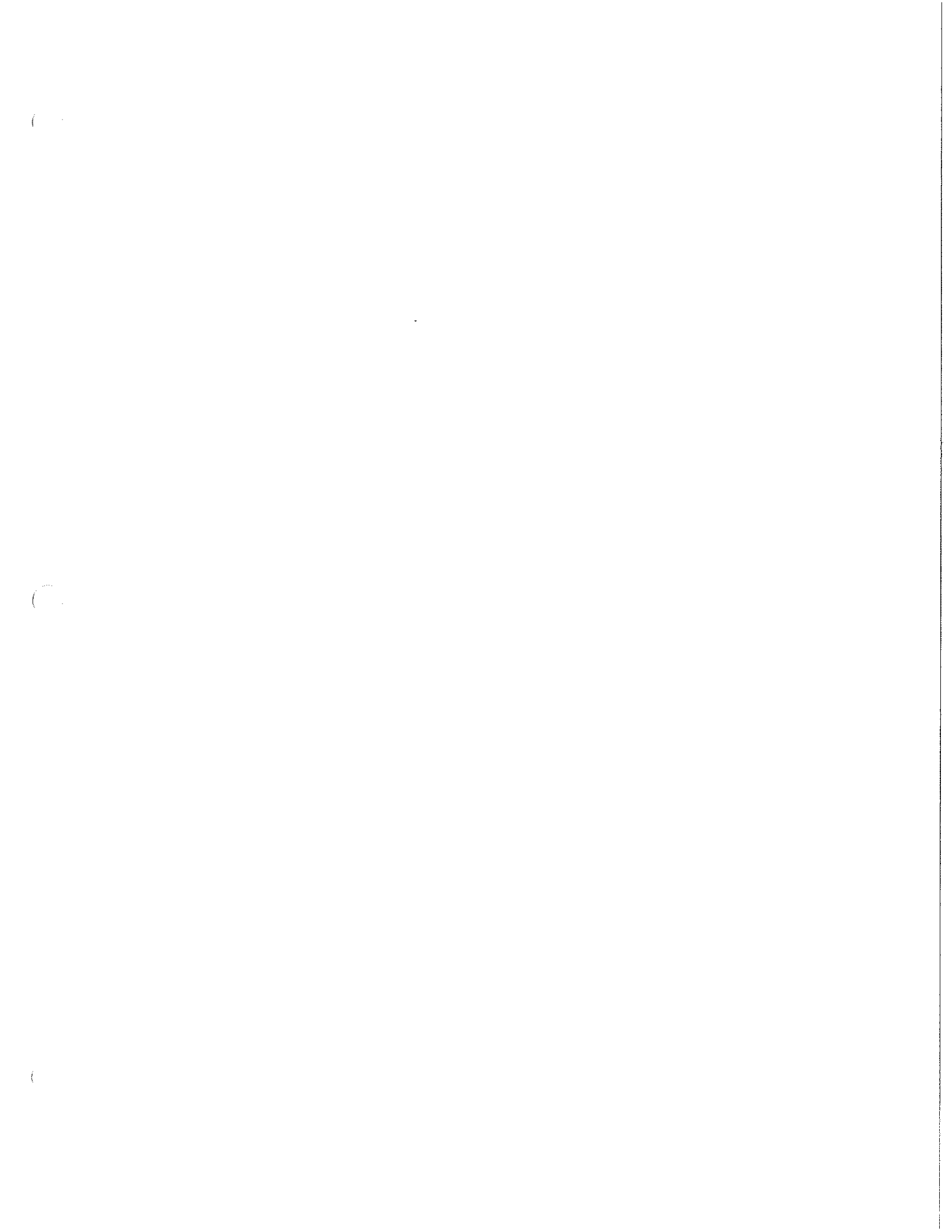
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cabazon Water District, as of June 30, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**Cabazon Water District**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Financial Analysis of the District, continued**

These two statements report the District's *net position* and changes in them. One can think of the District's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 30.

**Statements of Net Position**

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 of the District exceeded liabilities by \$5,408,741 and \$5,407,215 as of June 30, 2015 and 2014, respectively.

By far the largest portion of the District's net assets (80% and 77% as of June 30, 2015 and 2014, 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.

At the end of fiscal years 2015 and 2014, the District showed a positive balance in its unrestricted net assets of \$1,001,457 and \$1,112,659. See Note 9 for further discussion.

**Condensed Statements of Net Position**

	<u>2015</u>	<u>As Restated 2014</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 1,144,839	1,324,363	(179,524)
Capital assets, net	<u>5,748,314</u>	<u>5,683,779</u>	<u>64,535</u>
<b>Total assets</b>	<u>6,893,153</u>	<u>7,008,142</u>	<u>(114,989)</u>
<b>Liabilities:</b>			
Current liabilities	190,747	197,852	(7,105)
Non-current liabilities	<u>1,293,665</u>	<u>1,403,075</u>	<u>(109,410)</u>
<b>Total liabilities</b>	<u>1,484,412</u>	<u>1,600,927</u>	<u>(116,515)</u>
<b>Net position:</b>			
Net investment in capital assets	4,345,238	4,174,102	171,136
Restricted for debt service	62,046	120,454	(58,408)
Unrestricted	<u>1,001,457</u>	<u>1,112,659</u>	<u>(111,202)</u>
<b>Total net position</b>	<u>\$ 5,408,741</u>	<u>5,407,215</u>	<u>1,526</u>

**Cabazon Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**Capital Asset Administration, continued**

Changes in capital asset amounts for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2015</u>
Capital assets:				
Non-depreciable assets	\$ 424,841	251,994	(177,809)	499,026
Depreciable assets	9,411,410	282,756	(193,249)	9,500,917
Accumulated depreciation	<u>(4,152,472)</u>	<u>(259,360)</u>	<u>160,203</u>	<u>(4,251,629)</u>
Total capital assets, net	<u>\$ 5,683,779</u>	<u>275,390</u>	<u>(210,855)</u>	<u>5,748,314</u>

Changes in capital asset amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Transfers/ Deletions</u>	<u>Balance 2014</u>
Capital assets:				
Non-depreciable assets	\$ 454,295	224,911	(254,365)	424,841
Depreciable assets	9,029,276	382,134	-	9,411,410
Accumulated depreciation	<u>(3,898,128)</u>	<u>(254,344)</u>	<u>-</u>	<u>(4,152,472)</u>
Total capital assets, net	<u>\$ 5,585,443</u>	<u>352,701</u>	<u>(254,365)</u>	<u>5,683,779</u>

**Debt Administration**

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

	<u>Balance 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2015</u>
Long-term debt:				
Loans payable	\$ 1,509,677	-	(106,601)	1,403,076
Total loans payable	<u>\$ 1,509,677</u>	<u>-</u>	<u>(106,601)</u>	<u>1,403,076</u>

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2014</u>
Long-term debt:				
Loans payable	\$ 1,613,952	-	(104,275)	1,509,677
Total loans payable	<u>\$ 1,613,952</u>	<u>-</u>	<u>(104,275)</u>	<u>1,509,677</u>

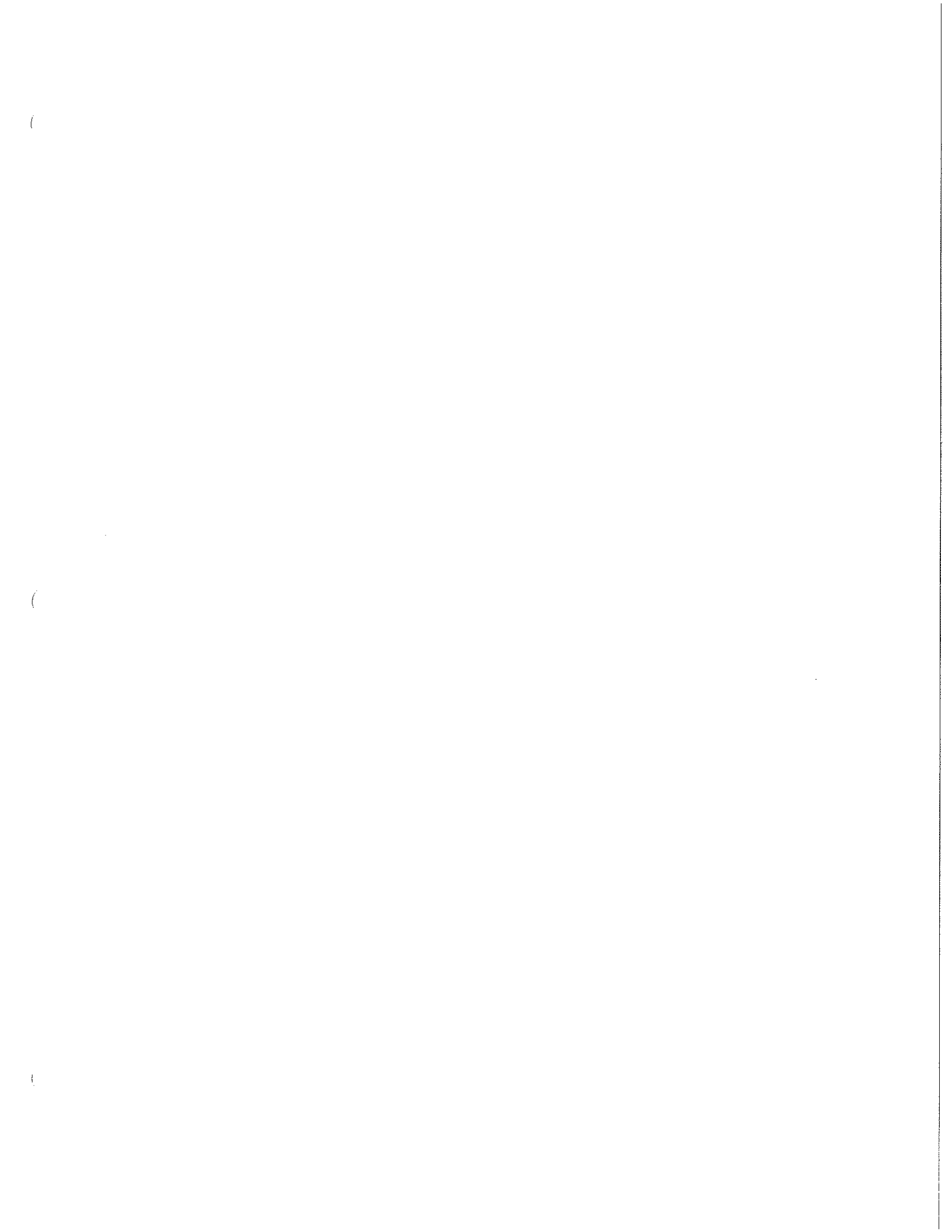
**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net assets 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 the District's General Manager at 14618 Broadway Street, P.O. Box 297, Cabazon, California 92230.





**Cabazon Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>As Restated 2014</u>
<b>Operating revenues:</b>		
Water consumption sales	\$ 1,112,105	1,242,957
Connection fees	2,880	2,400
Standby fees	101,405	103,744
Facility fees	8,020	8,020
Other charges	36,859	39,612
<b>Total operating revenues</b>	<u>1,261,269</u>	<u>1,396,733</u>
<b>Operating expenses:</b>		
Pumping and water treatment	114,435	120,108
Transmission and distribution	317,751	269,391
Customer accounts	43,755	37,313
General and administrative	685,231	578,393
<b>Total operating expenses</b>	<u>1,161,172</u>	<u>1,005,205</u>
Operating income before depreciation and amortization	100,097	391,528
Depreciation	<u>(259,360)</u>	<u>(254,344)</u>
<b>Operating income (loss)</b>	<u>(159,263)</u>	<u>137,184</u>
<b>Non-operating revenue (expense)</b>		
Property taxes	57,072	57,141
Rental income – cellular antennas	26,610	29,541
Investment earnings	6,527	6,368
Interest expense – long-term debt	(31,292)	(32,870)
Other non-operating revenue (expense), net	<u>(24,100)</u>	<u>(16,952)</u>
<b>Total non-operating revenues, net</b>	<u>34,817</u>	<u>43,228</u>
<b>Net income before capital contributions</b>	(124,446)	180,412
<b>Capital contributions</b>		
Contributed capital assets	<u>125,972</u>	<u>22,038</u>
<b>Change in net position</b>	1,526	202,450
<b>Net position, beginning of year</b>	<u>5,407,215</u>	<u>5,204,765</u>
<b>Net position, end of year</b>	<u>\$ 5,408,741</u>	<u>5,407,215</u>

See accompanying notes to the basic financial statements

**Cabazon Water District**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>As Restated 2014</b>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ <u>(159,263)</u>	<u>137,184</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	259,360	254,344
Other non-operating	(24,099)	(16,952)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable – water sales and services, net	22,351	3,060
Note receivable	11,680	9,159
Materials and supplies inventory	(14,421)	(17,744)
Prepaid and other assets	(20)	(1,408)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,753)	(7,234)
Accrued wages and related payables	(3,709)	2,677
Compensated absences	2,867	1,963
Customer advances and deposits	<u>(1,614)</u>	<u>(4,618)</u>
Total adjustments	<u>245,642</u>	<u>223,247</u>
Net cash provided by operating activities	\$ <u><u>86,379</u></u>	<u><u>360,431</u></u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of funds deposited with LAIF	\$ <u><u>53</u></u>	<u><u>17</u></u>

See accompanying notes to the basic financial statements

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

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

**3. Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Accounts Receivable and Allowance for Uncollectible Accounts**

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

**5. Property Taxes and Assessments**

The County of Riverside Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the District's share of property taxes and assessments. In 1993, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under this plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and by such financing, Cabazon Water District receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Riverside, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

**6. Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using a first-in, first-out cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

**7. Prepaid Expenses**

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

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

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

**11. Water Sales**

Water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30 has been accrued at year-end.

**12. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures, or capacity commitment.

**13. Budgetary Policies**

The District adopts an annual 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.

**(2) Cash and Investments**

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 833,693	939,167
Restricted – cash and cash equivalents	62,046	120,454
Total	\$ 895,739	1,059,621

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

	<b>2015</b>	<b>2014</b>
Cash on hand	\$ 100	100
Deposits with bank	161,689	323,450
Investments	733,950	736,071
Total	\$ 895,739	1,059,621

As of June 30, the District's authorized deposits had the following maturities:

	<b>2015</b>	<b>2014</b>
Deposits in California Local Agency Investment Fund (LAIF)	239 days	232 days

***Investments Authorized by the California Government Code and the District's Investment Policy***

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(2) Cash and Investments, continued**

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District can manage 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 for cash flow requirements 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, 2015 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining maturity 12 months or less</u>
Local Agency Investment Fund (LAIF)	\$ 671,904	671,904
Held by bond trustee:		
Money market funds	62,046	62,046
	<u>\$ 733,950</u>	<u>733,950</u>

Maturities of investments at June 30, 2014 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining maturity 12 months or less</u>
Local Agency Investment Fund (LAIF)	\$ 670,213	670,213
Money market funds	238	238
Held by bond trustee:		
Money market funds	65,620	65,620
	<u>\$ 736,071</u>	<u>736,071</u>

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(4) Note Receivable**

***Note Receivable – Beaumont Concrete Company***

In 1995, the District entered into an agreement with the Beaumont Concrete Company regarding contributions to a Water System Improvement Project and for the acquisition of a parcel of land. Terms of the agreement provide that the District will receive annual principal, and interest payments at the rate of 2.50%, maturing June 1, 2015. These funds are obtained through standby fees collected by the County of Riverside as a portion of Current Secured Taxes and Assessments. Standby fees applied to principal were \$11,680 and \$9,159 at June 30, 2015 and 2014, respectively.

The change in note receivable for 2015 is as follows:

	<b>Balance 2014</b>	<b>Principal Payments</b>	<b>Balance 2015</b>
Beaumont Concrete Company	\$ 11,680	(11,680)	-
Total long-term debt	11,680	(11,680)	-
Less current portion	(11,680)		-
Total non-current	\$ -		-

The change in note receivable for 2014 is as follows:

	<b>Balance 2013</b>	<b>Principal Payments</b>	<b>Balance 2014</b>
Beaumont Concrete Company	\$ 20,839	(9,159)	11,680
Total long-term debt	20,839	(9,159)	11,680
Less current portion	(9,159)		(11,680)
Total non-current	\$ 11,680		-

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(5) Capital Assets, continued**

Changes in capital assets for 2014 were as follows:

	<u>Restated Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Restated Balance 2014</u>
<b>Non-depreciable assets:</b>				
Land	\$ 409,548	-	-	409,548
Construction-in-process	44,747	224,911	(254,365)	15,293
Total non-depreciable assets	<u>454,295</u>	<u>224,911</u>	<u>(254,365)</u>	<u>424,841</u>
<b>Depreciable assets:</b>				
Transmission and distribution mains	7,617,855	106,354	-	7,724,209
Source of supply	950,615	269,566	-	1,220,181
Tools and equipment	118,016	-	-	118,016
Buildings and structures	135,535	4,825	-	140,360
Office furniture and equipment	105,767	1,389	-	107,156
Vehicles	90,456	-	-	90,456
Intangible plant	11,032	-	-	11,032
Total depreciable assets	<u>9,029,276</u>	<u>382,134</u>	<u>-</u>	<u>9,411,410</u>
<b>Accumulated depreciation:</b>				
Transmission and distribution mains	(3,303,699)	(186,314)	-	(3,490,013)
Source of supply	(206,919)	(49,644)	-	(256,563)
Tools and equipment	(108,704)	(2,378)	-	(111,082)
Buildings and structures	(95,780)	(3,713)	-	(99,493)
Office furniture and equipment	(101,794)	(1,898)	-	(103,692)
Vehicles	(71,062)	(10,147)	-	(81,209)
Intangible plant	(10,170)	(250)	-	(10,420)
Total accumulated depreciation	<u>(3,898,128)</u>	<u>(254,344)</u>	<u>-</u>	<u>(4,152,472)</u>
Total depreciable assets, net	<u>5,131,148</u>	<u>127,790</u>	<u>-</u>	<u>5,258,938</u>
Total capital assets, net	<u>\$ 5,585,443</u>			<u>5,683,779</u>

Major capital assets additions during the year include improvements to the transmission and distribution system and source of supply.

**(6) Compensated Absences**

The changes in compensated absence balances at June 30, were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2015</u>
\$	<u>9,722</u>	<u>10,928</u>	<u>(8,061)</u>	<u>12,589</u>
	<u>Balance 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2014</u>
\$	<u>7,759</u>	<u>9,386</u>	<u>(7,423)</u>	<u>9,722</u>



**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(7) Long-Term Debt, continued**

***Zions First National Bank***

In 2013, the Cabazon Water District entered into a loan agreement with Zions First National Bank in the amount of \$787,309 to refinance the 1993 California Dept. of Water Resources Loan – E62039, and provide funding for the construction and upgrade of District transmission mains. Terms of the loan call for semi-annual debt service payments of principal and interest payable on April 1<sup>st</sup> and October 1<sup>st</sup> of each year at a rate of 2.49%, maturing in 2023. Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 73,228	15,475	88,703
2017	75,062	13,641	88,703
2018	76,942	11,761	88,703
2019	78,870	9,833	88,703
2020	80,846	7,857	88,703
2021-2023	<u>254,899</u>	<u>11,212</u>	<u>266,111</u>
Total	639,847	<u>69,779</u>	<u>709,626</u>
Less current portion	<u>(73,228)</u>		
Total non-current	\$ <u>566,619</u>		

***Riverside County Economic Development Agency***

In 1997, the Cabazon Water District contracted with the Riverside County Economic Development Agency for a \$300,000 loan to construct water improvements, in conjunction with MKA Cabazon Partnership Construction Agreement. The agreement calls for a zero interest loan with funds to be repaid with connection fees as development occurs. The unpaid balance has been classified as long-term as no connections are anticipated in 2015.

**(8) Restatement of Net Position**

In fiscal year 2015, the District determined that capital assets related to the 2013 fiscal year were overstated. As a result, the District recorded a prior period adjustment to net position in the amount of \$103,695 at June 30, 2013. The effect of the above change is summarized as follows:

Net position as of June 30, 2013, as previously stated	\$ 5,308,460
Effect of adjustment to capital assets	<u>(103,695)</u>
Net position as of June 30, 2013, as restated	5,204,765
Change in net position	<u>202,450</u>
Net position as of June 30, 2014, as restated	<u>\$ 5,407,215</u>

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

**(12) 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 insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2015:

- Property: Blanket limit of \$6,058,000 with a \$1,000 deductible per incident.
- Bodily injury and property damage: \$1,000,000 per occurrence and \$3,000,000 in the aggregate.
- Personal and advertising injury: \$1,000,000 per person or organization and \$3,000,000 in the aggregate.
- Professional liability: \$1,000,000 per claim and \$3,000,000 in the aggregate.
- Wrongful acts: \$1,000,000 per claim and \$3,000,000 in the aggregate with a \$1,000 deductible.
- Employment practices liability: \$1,000,000 per claim and \$3,000,000 in the aggregate.
- Employee benefits liability: \$1,000,000 per person and \$3,000,000 in the aggregate.
- Automobile: \$1,000,000 per occurrence with a \$1,000,000 combined single limit.
- Crime coverage: \$5,000 to \$250,000 limits per occurrence varying by type of infraction.
- Excess liability: \$4,000,000 employer's liability excluded.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that has effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 72***

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

**Cabazon Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2015 and 2014**

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

***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 December 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. 76***

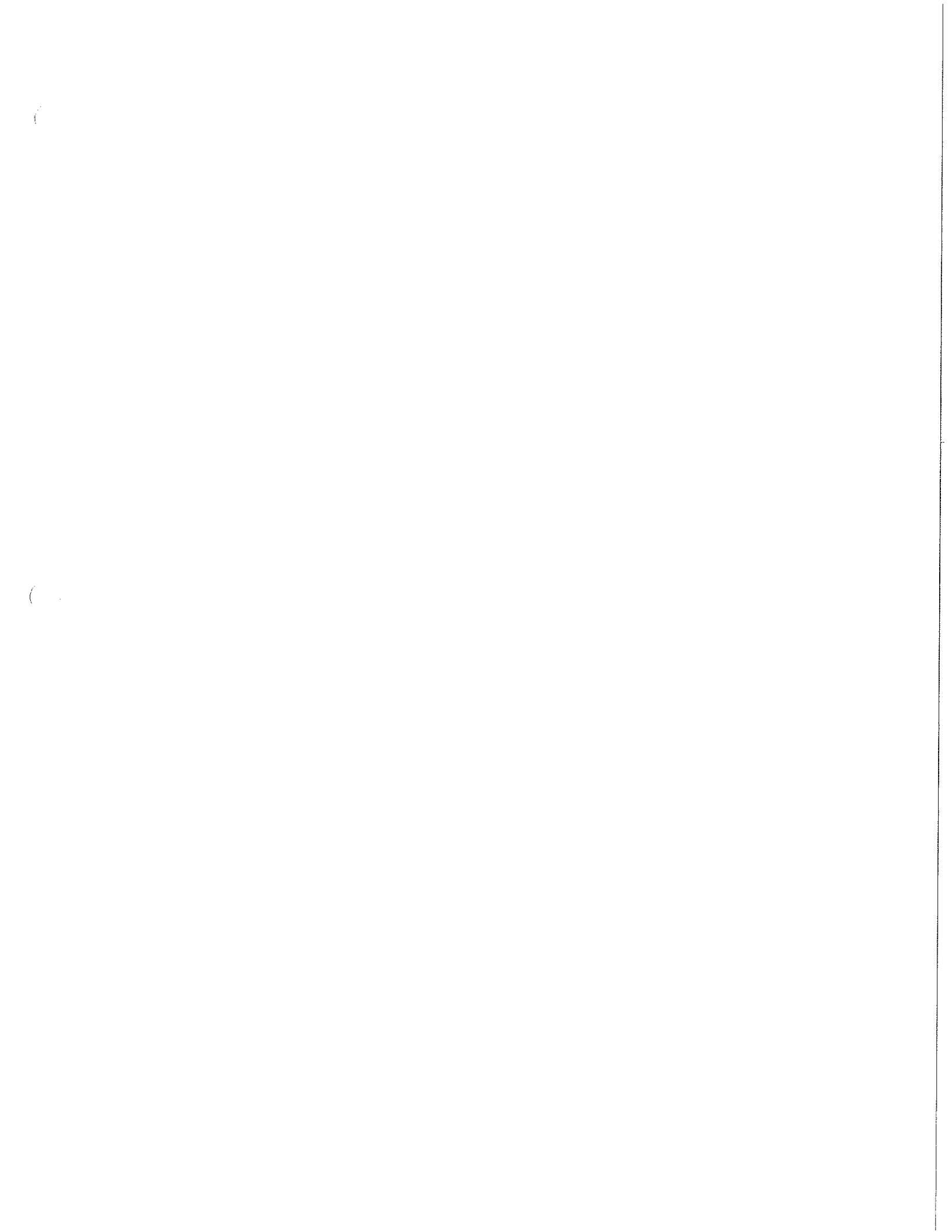
In June 2015, the GASB issued Statement No. 75 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015, and should be applied retroactively.

***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.

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Fedak & Brown LLP**  
Cypress, California  
February 22, 2016

**AMENDMENT NO. 1 TO  
ON-CALL WATER SYSTEM REPAIR/IMPROVEMENT SERVICES CONTRACT**

**1. PARTIES AND DATE**

This Amendment No. 1 to the On-Call Water System Repair/Improvement Services Contract (“Contract”) is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between the Cabazon Water District (“District”) and James M. Doolittle (“Contractor”). District and Contractor are sometimes collectively referred to herein as the “Parties.”

**2. RECITALS**

- 2.1 The Parties have entered into the Contract for the purpose of Contractor providing District on-call water distribution system repair and improvement services.
- 2.2 The Parties now desire to amend the Contract in order to revise the term of the Contract.

**3. TERMS**

- 3.1 Section 5 of the Contract is hereby deleted and replaced in its entirety with the following:

5. Term of Contract. The term of this Contract shall be one (1) year from the Effective Date of the Contract, unless earlier terminated as provided herein. Contractor shall complete the Work within the term of this Contract, and shall meet any other established schedules and deadlines. The District reserves the right to extend this Contract by mutual agreement with the Contractor for up to three (3) additional one-year terms. Contractor shall provide District a minimum of ninety (90) days’ notice of nonrenewal prior to expiration of the Contract in the event Contractor elects not to renew the Contract.

- 3.2 Except as amended by this Amendment No. 1, all provisions of the Contract, including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this Amendment No. 1.

**SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment No. 1 to the On-Call Water System Repair/Improvement Services Contract on the date first herein above written.

**CABAZON WATER DISTRICT**

**JAMES M. DOOLITTLE**

By: Calvin Louie

By: \_\_\_\_\_

Title: General Manager

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Contractor's  
License #  
and Class: \_\_\_\_\_



**RESOLUTION NO. 01-2016**

**RESOLUTION OF THE GOVERNING BOARD OF CABAZON WATER DISTRICT DECLARING ITS INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS TO BE USED TO REIMBURSE THE DISTRICT FOR CERTAIN EXPENDITURES PRIOR TO THE ISSUANCE OF SUCH TAX-EXEMPT BOND OBLIGATIONS**

**RECITALS**

**WHEREAS**, The Cabazon Water District (“District”) desires and intends to finance the construction, acquisition and improvement of certain properties designated as Riverside County Assessor Parcel Numbers 526-022-009 and 526-022-008 and located in Cabazon, Riverside County, California in furtherance of its purposes (the “Project”); and

**WHEREAS**, the District expects to cause the execution, delivery and sale of tax-exempt obligations such as bonds for the purpose of providing financing for all or a portion of the Project in a principal amount of approximately \$500,000 (the “Obligations”); and

**WHEREAS**, pursuant to Section 1.150-2(d) of the Regulations of the United States Department of the Treasury (the “Regulations”) promulgated under Section 150 of the Internal Revenue Code of 1986, as amended, the District may reimburse the amounts advanced by the District for the Project if not later than 60 days after payment of the original expenditure of an amount advanced by the District, the Board of Directors adopts an official intent to reimburse the expenditure of such advanced amount, and such reimbursement occurs not later than 18 months after the later of the date of the original expenditure is paid or the date the Project is placed in service, but in no event more than three (3) years after the original expenditure is paid; and

**WHEREAS**, the Board of Directors intends that the District shall be reimbursed the amounts advanced by the District from the General Acct. fund of the District for the Project from proceeds of the sale of the Obligations; and

**WHEREAS**, the Board of Directors further intends that the District shall receive reimbursement from the proceeds of the sale of the Obligations for certain expenditures which have been made and will be made prior to the date the Obligations are entered into in connection with the design, construction, acquisition, installation and equipping of the Project which are “preliminary expenditures” as defined in Section 1.150-2(f)(2) of the Regulations.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board of Directors of the Cabazon Water District as follows:

**Section 1.** The Board of Directors declares that it is the intent of the District, subject to further approval by this Board, that the District will be reimbursed the amounts advanced by the District from the General Acct. fund for the design, construction, acquisition, installation and equipping of the Project from the proceeds of the sale of the Obligations. The maximum principal amount of the Obligations will not exceed \$500,000.

**Section 2.** The Board of Directors further declares that it is the intent of the District to be reimbursed amounts which have been and will be expended with respect to the design, construction, acquisition, installation and equipping of the Project which are “preliminary expenditures” as defined in Section 1.150-2(f)(2) of the Regulations.

**RESOLUTION NO. 01-2016**

**Section 3.** It is intended that this Resolution shall constitute a declaration of “official intent” within the meaning of Section 1.150-2 of the Regulations.

**Section 4.** The adoption of this Resolution shall not bind the District to proceed with execution and delivery of the Obligations until and unless all other necessary actions and approvals are taken or received in accordance with all applicable laws.

**Section 5.** This Resolution shall take effect immediately upon its adoption.

**Section 6.** The Board Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

**ADOPTED** this 22<sup>nd</sup> day of February 2016, by the Cabazon Water District Board of Directors.

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President of the Board of Directors

ATTEST:

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Secretary of the Board of Directors

APPROVED AS TO FORM:

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Best Best & Krieger LLP  
General Counsel



# Yucaipa Valley Water District

## Notice and Agenda of a Board Workshop

Tuesday, February 9, 2016 at 4:00 p.m.

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MEETING LOCATION: District Administration Building  
12770 Second Street, Yucaipa

MEMBERS OF THE BOARD: Director Ken Munoz, Division 1  
Director Bruce Granlund, Division 2  
Director Jay Bogh, Division 3  
Director Lonni Granlund, Division 4  
Director Tom Shalhoub, Division 5

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**I. Call to Order**

**II. Public Comments** At this time, members of the public may address the Board of Directors on matters within its jurisdiction; however, no action or significant discussion may take place on any item not on the meeting agenda.

**III. Staff Report**

**IV. Discussion Items**

- A. Consideration of Resolution No. 2016-10 Supporting Changes to the Governance Structure of the San Geronio Pass Water Agency to Improve the Efficiency and Effectiveness of the Organization [Workshop Memorandum No. 16-021 - Page 5 of 306]

RECOMMENDED ACTION: That the Board adopts Resolution No. 2016-10 as presented.

**V. Presentations**

- A. Overview of the California Drought and Yucaipa Valley Water District's Action Plan Related to the State Water Resources Control Board Mandatory Restrictions to Achieve a 36% Reduction in Potable Urban Water Use [Workshop Memorandum No. 16-022 - Page 16 of 306]
- B. Overview of the Sustainable Groundwater Management Act and Proposed Basin Boundary Revisions [Workshop Memorandum No. 16-023 - Page 45 of 306]

**VI. Operational Updates**

- A. Overview of Operational Activities in Preparation and Response to the 2016 Winter Storm Events [Workshop Memorandum No. 16-024 - Page 58 of 306]
- 

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Erin Anton at (909) 797-5117, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this agenda submitted to the Board of Directors after distribution of the workshop packet are available for public inspection during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting material is also be available on the District's website at [www.yvwd.dst.ca.us](http://www.yvwd.dst.ca.us)

- B. Status Report on the Sewer Collection System Monitoring Network [Workshop Memorandum No. 16-025 - Page 71 of 306]
- C. Status Report on the Increased Implementation and Distribution of Weather-Based Wi-Fi Irrigation Controllers for Residential Water Customers of the Yucaipa Valley Water District [Workshop Memorandum No. 16-026 - Page 75 of 306]

**VII. Capital Improvement Projects**

- A. Status Report on the Construction of a 6.0 Million Gallon Drinking Water Reservoir R-12.4 - Calimesa [Workshop Memorandum No. 16-027 - Page 92 of 306]
- B. Status Report on the Digester Cleaning and Cover Replacement Project at the Wochholz Regional Water Recycling Facility [Workshop Memorandum No. 16-028 - Page 96 of 306]
- C. Status Report on the Coating Repairs to the 48" Influent Pipeline at the Yucaipa Valley Regional Water Filtration Facility [Workshop Memorandum No. 16-029 - Page 100 of 306]

**VIII. Development Projects**

- A. Review of Development Agreement No. 2016-01 to Provide Water and Sewer Facilities and Service to the Private Development of Tract Map 16783, Pacific Horizon Builders, Inc. (Assessor's Parcel Numbers 318-122-05, 06 & 07) [Workshop Memorandum No. 16-030 - Page 102 of 306]
- B. Review of Development Agreement No. 2016-02 to Provide Sewer Facilities and Service to the Private Development of Tract Map 17725, (Assessor's Parcel Numbers 319-242-25, 26, 52, 53, 75, 80, 83 and 90) [Workshop Memorandum No. 16-031 - Page 119 of 306]

**IX. Administrative Issues**

- A. Review of the Unaudited Financial Report for the Period Ending on January 31, 2016 [Workshop Memorandum No. 16-032 - Page 137 of 306]
- B. Participation in the Yucaipa Basin Investigation in Conjunction with the San Bernardino Valley Municipal Water District for the Preparation of a Groundwater Recharge Work Plan [Workshop Memorandum No. 16-033 - Page 168 of 306]
- C. Review of Resolution No. 2016-xx Adopting an Amendment to the Environmental Impact Report and Environmental Impact Statement for the Calimesa Recycled Water Conveyance Project [Workshop Memorandum No. 16-034 - Page 204 of 306]
- D. Notice Regarding the Preparation of the 2015 Yucaipa Valley Water District Urban Water Management Plan [Workshop Memorandum No. 16-035 - Page 295 of 306]

**X. Director Comments**

**XI. Adjournment**

# Staff Report



Yucalpa Valley Water District

# Discussion Items



Yucaipa Valley Water District



Date: February 9, 2016

Subject: Consideration of Resolution No. 2016-10 Supporting Changes to the Governance Structure of the San Gorgonio Pass Water Agency to Improve the Efficiency and Effectiveness of the Organization

Recommendation: That the Board adopts Resolution No. 2016-10 as presented.

The San Gorgonio Pass Water Agency was created by the California Legislature with the passage of the "San Gorgonio Pass Water Agency Law" which is found in the California Water Code as Appendix Section 101. While the San Gorgonio Pass Water Agency Law provides several potential functions of the Agency, the primary purpose of the San Gorgonio Pass Water Agency is to supply the region with imported water from the State Water Project.

SAN GORGONIO PASS WATER AGENCY LAW

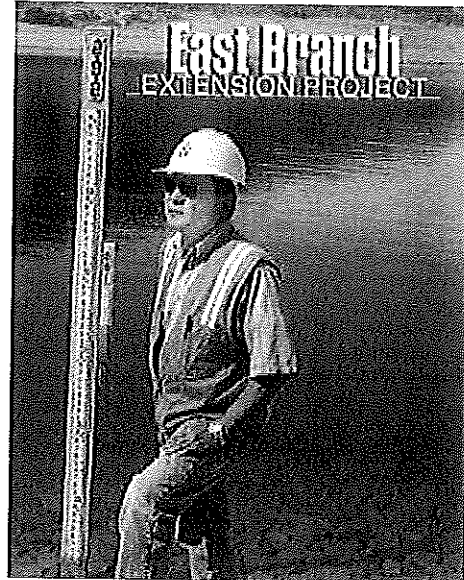
The following chronology illustrates the fulfillment of the intentions of the California Legislature by the actions of the San Gorgonio Pass Water Agency:

- November 8, 1960 - The Burns-Porter Act, formally known as the California Water Resources Development Bond Act, was approved by California voters authorizing the construction of the California State Water Project.
July 12, 1961 - Governor Pat Brown signed the San Gorgonio Pass Water Agency Act creating the San Gorgonio Pass Water Agency to, among other things, acquire, or contract to acquire, waterworks or a waterworks system, and other property useful or necessary to store, convey, supply, or otherwise make use of water, within a specified area of the County of Riverside.
September 22, 1961 - The seven member Board of Directors of the San Gorgonio Pass Water Agency met for the first time and

Table with 2 columns: Section and Short title. Lists sections 101-1 through 101-34 with their corresponding titles.

began discussions with the State of California Department of Water Resources to secure a water supply to the region from the California State Water Project.

- November 16, 1962 - The San Geronio Pass Water Agency entered into a water supply contract with the State of California Department of Water Resources, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California securing 15,000 acre feet as a maximum annual entitlement from the California State Water Project.
- January 19, 1965 - The San Geronio Pass Water Agency entered into Amendment No. 2 to the water supply contract with the State of California, Department of Water Resources, which increased the maximum annual entitlement of the California State Water Project from 15,000 acre feet to 17,300 acre feet per year.
- Over the next forty two years, the San Geronio Pass Water Agency and the State of California, Department of Water Resources continued to work together to bring water to the San Geronio Pass area by executing a total of eighteen different contract amendments.
- In 2003, the State of California, Department of Water Resources successfully delivered imported water to the service area of the San Geronio Pass Water Agency.
- In 2017, the second phase of the East Branch Extension project is expected to be completed which will be a significant milestone for the agencies, engineers, contractors, and citizens in the San Geronio Pass area.



### The State Water Project Final Delivery Capability Report 2015

July 2015

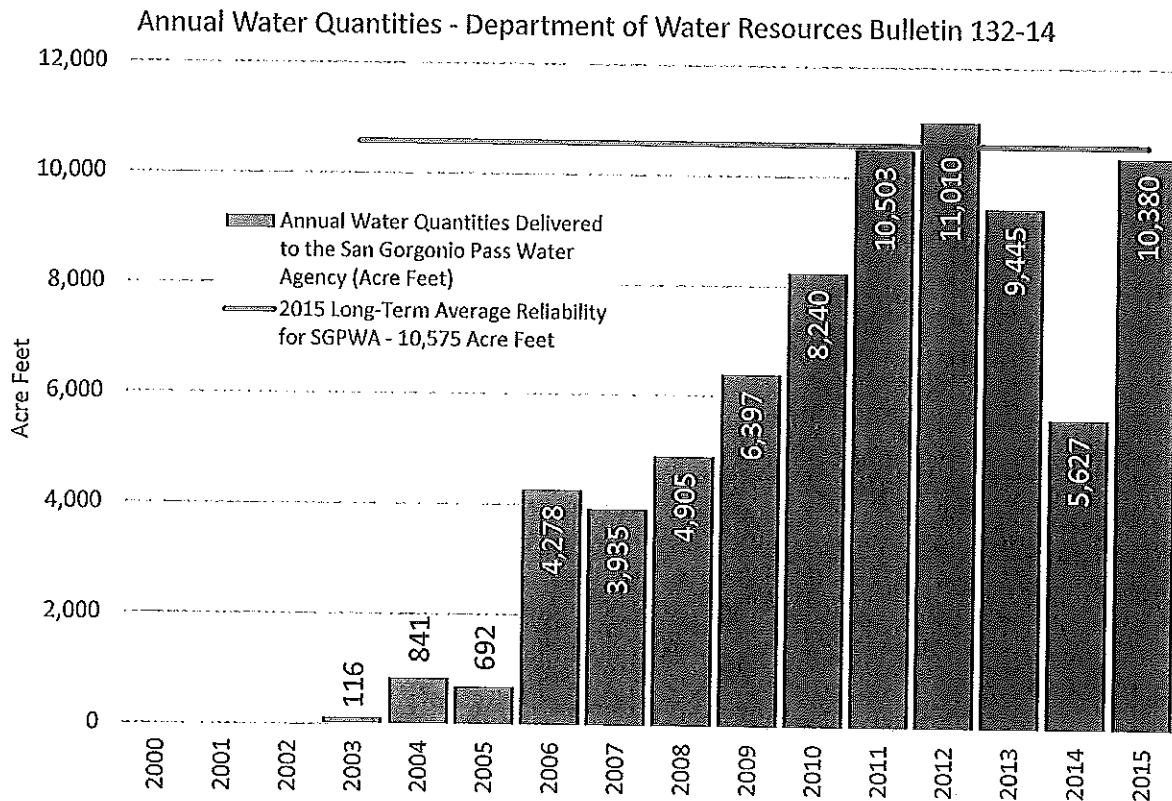


In July 2015, the State of California, Department of Water Resources issued the final version of the "State Water Project Final Delivery Capability Report 2015" which indicates that the overall reliability of the State Water Project is approximately 61%. Therefore, considering all of the potential extrinsic and intrinsic factors that can impact the quantity of water delivered by the Department of Water Resources, only an average of 2,550 thousand acre feet per year from a total contractual quantity of 4,172 thousand acre feet should be expected each year. This report sets forth a planning projection of a 61% reliability for all State Water Project Contractors, like the San Geronio Pass Water Agency.

Applying the 61% reliability factor from the Department of Water Resources to the maximum annual contractual entitlement of 17,300 acre feet allotted to the San Geronio Pass Water Agency, the region should plan on an average of 10,575 acre feet per year.



The following chart illustrates the annual water quantities provided to the San Gorgonio Pass Water Agency as reported by the State of California, Department of Water Resources Bulletin 132-14. This data shows that the region is already receiving the expected average water supply quantity projected in the 2015 Department of Water Resources reliability report.



#### A Successful Future will Require Difficult Decisions and Productive Results

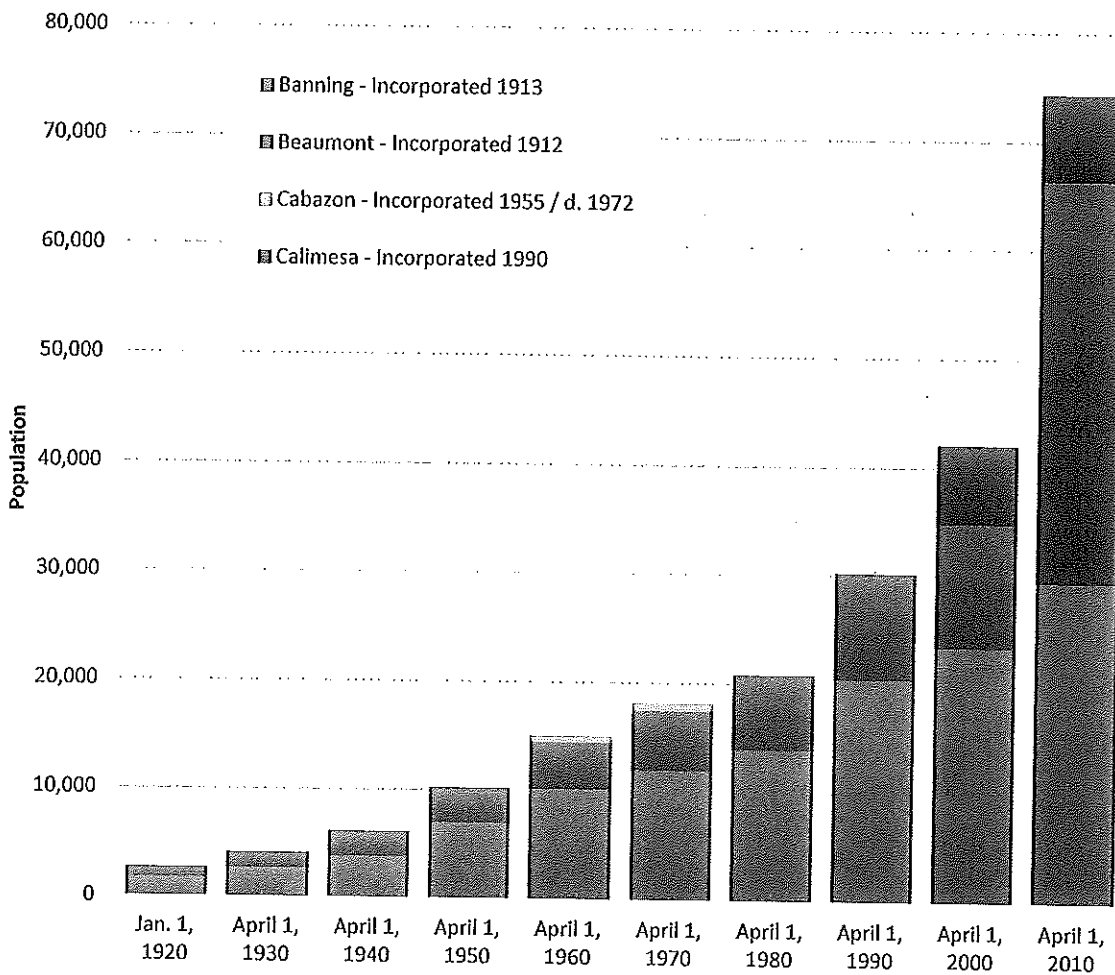
Over the past decade, the Yucaipa Valley Water District has worked closely with other retail water suppliers in the San Gorgonio Pass area to find solutions to the ongoing supply water issues. These solutions involved:

- The construction of major capital improvement projects such as spreading basins, water filtration facilities, and recycled water systems;
- Creation and implementation of an Allocation Plan for fairly distributing imported water supplies to all retail water suppliers;
- Developing a coordinated regional water management plan between the retail water suppliers required to prepare Urban Water Management Plans - City of Banning, Beaumont Cherry Valley Water District, and Yucaipa Valley Water District;
- Planned system interconnections for recycled water facilities between Yucaipa Valley Water District and the Beaumont Cherry Valley Water District;
- Proposed shared facility and use agreements for available recharge capacity in existing spreading basins;
- Regular manager coordination meetings; and
- Review, coordination, and planning for the implementation of the Sustainable Groundwater Management Act in the region.

While the retail water suppliers have been able to work together, we have been unable to achieve the appropriate level of participation and consideration of our proposals, policies, and coordinated solutions by the San Gorgonio Pass Water Agency.

In preparation for the pronounced growth in our region, the retail water suppliers have completed the planning, design and construction of infrastructure necessary to receive quantities of imported water from the San Gorgonio Pass Water Agency beyond the original 17,300 acre foot entitlement. Unfortunately, the San Gorgonio Pass Water Agency has been unable or unwilling to prepare a suitable implementation and financial strategy to secure the necessary imported water supplies to support the predictable and imminent water resource needs of our community.

### Census Data for San Gorgonio Pass Area Cities

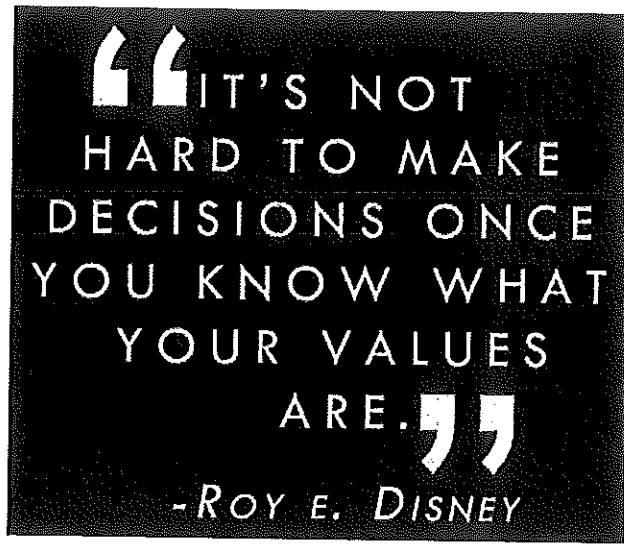


While some believe that the San Gorgonio Pass Water Agency has intentionally created a water crisis to gain support for quick and immediate solutions, the retail water suppliers have been steadfast and determined to require a thoughtful, documented, and coordinated solution that provides productive, long-term results and not a quick fix to get through the next election cycle.

Fundamental to the approach used by retail water suppliers over the past several years is the premise that good governance includes the ability to fairly analyze alternative arrangements for how public agencies provide services. While a discussion regarding significant changes to local governance structures might be unthinkable, it is appropriate and timely considering the current water supply conditions in the San Gorgonio Pass area.

The attached Resolution No. 2016-10 has been prepared to initiate and support the modification of the San Gorgonio Pass Water Agency Law to improve the overall effectiveness and efficiency of water management in the San Gorgonio Pass area. The implementation of a changed governance structure is necessary to achieve the following regional goals:

- To provide comprehensive and coordinated management of imported supplies to achieve optimal levels of water supply reliability, storage utilization and water quality consistent with the Basin Plan Objectives set by the Colorado River Basin Regional Water Quality Control Board and the Santa Ana Regional Water Quality Control Board.
- To implement the most favorable organizational structure to achieve operating efficiencies and reduce costs with knowledgeable decision makers who understand the needs of all retail water suppliers in the region.
- To reduce the number of current board members of the San Gorgonio Pass Water Agency from seven to five.
- To ensure regional plans are coordinated and consistent with the goals of the retail water suppliers in the San Gorgonio Pass Water Agency area.
- To work together to develop reliable and cost effective imported water supplies for the San Gorgonio Pass area.
- To embrace a governance structure that ensures official representatives of retail water suppliers in groundwater producing areas exclusively vote on groundwater management, pricing and production matters;
- To provide a governance structure that ensures imported water financial, management and administrative decisions are voted on by those retail water suppliers that are mostly impacted by the cost and imported water usage.
- To ensure effective representation on water issues at the regional, state and federal level that is coordinated with the interests and priorities of retail water suppliers.



**RESOLUTION NO. 2016-10**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
YUCAIPA VALLEY WATER DISTRICT SUPPORTING CHANGES TO  
THE GOVERNANCE STRUCTURE OF THE SAN GORGONIO PASS  
WATER AGENCY TO IMPROVE THE EFFICIENCY AND  
EFFECTIVENESS OF THE ORGANIZATION**

WHEREAS, on November 8, 1960, the Burns-Porter Act, formally known as the California Water Resources Development Bond Act, was approved by California voters authorizing the construction of the California State Water Project; and

WHEREAS, on July 12, 1961, Governor Pat Brown signed the San Gorgonio Pass Water Agency Act creating the San Gorgonio Pass Water Agency to, among other things, acquire, or contract to acquire, waterworks or a waterworks system, and other property useful or necessary to store, convey, supply, or otherwise make use of water, within a specified area of the County of Riverside; and

WHEREAS, the seven member Board of Directors of the San Gorgonio Pass Water Agency first met on September 22, 1961 and began discussions with the State of California Department of Water Resources to secure a water supply to the region from the California State Water Project; and

WHEREAS, on November 16, 1962, the San Gorgonio Pass Water Agency entered into a water supply contract with the State of California Department of Water Resources, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California securing 15,000 acre feet as a maximum annual entitlement from the California State Water Project; and

WHEREAS, on January 19, 1965, the San Gorgonio Pass Water Agency entered into Amendment No. 2 to the water supply contract with the State of California, Department of Water Resources, which increased the maximum annual entitlement of the California State Water Project from 15,000 acre feet to 17,300 acre feet per year; and

WHEREAS, the current configuration of the Department of Water Resources, State Water Project includes thirty dams (29 of which impound water), twenty reservoirs, twenty-nine pumping and generating plants, and approximately seven hundred miles of aqueducts; and

WHEREAS, with the completion of the first phase of the California State Water Project - East Branch Extension in 2003, the San Gorgonio Pass Water Agency was able to begin the delivery of water from the California State Water Project to the retail water suppliers in its service area.

WHEREAS, the State of California, Department of Water Resources publishes Bulletin 132, the Management of the State Water Project to describe the State Water Project status, operations and water deliveries with updated project costs and financing, water supply planning, power operations and significant events that affect State Water Project management with the first report being published in 1963; and

WHEREAS, according to Table B-5B of the State of California, Department of Water Resources, Bulletin 132-14, Management of the California State Water Project, dated November 2015, the annual water quantities delivered to the San Gorgonio Pass Water Agency has been tabulated and illustrated on Exhibit "A" attached to this Resolution.

WHEREAS, according to Table 1-6 of the State of California, Department of Water Resources, Bulletin 132-14, Management of the California State Water Project, dated November 2015, the long-term water supply contracting agencies have paid \$18,459,715,722 and received cumulative water deliveries of 97,103,865 acre feet as of December 31, 2013, which represents a cost:benefit ratio of \$190 per acre foot; and

WHEREAS, according to Table 1-6 of the State of California, Department of Water Resources, Bulletin 132-14, Management of the California State Water Project, dated November 2015, the retail water suppliers and property owners of the San Gorgonio Pass Water Agency have paid \$155,826,190 and received cumulative water deliveries of 57,662 acre feet as of December 31, 2013, which represents a cost:benefit ratio of \$2,702 per acre foot, compared to the same cost:benefit ratio of the neighboring State Water Contractor San Bernardino Valley Municipal Water District of \$690 per acre foot.

NOW, THEREFORE, the Board of Directors of the Yucaipa Valley Water District hereby RESOLVES, DETERMINES, and ORDERS as follows:

1. That the San Gorgonio Pass Water Agency has achieved the goal of completing the first phase of the California State Water Project - East Branch Extension in 2003, and that the second phase of the California State Water Project - East Branch Extension is expected to be completed in 2017. The Board of Directors and staff members of the San Gorgonio Pass Water Agency are hereby commended for their achievements over the past fifty five years for bringing California State Water Project infrastructure to serve the Pass Area.
2. The operation of the California State Water Project are complex and require unequivocal integration and long-term planning by the Department of Water Resources and retail water suppliers served by the San Gorgonio Pass Water Agency to properly implement policies and practices related to, but not limited to:
  - a. Imported Water Rates;
  - b. Ad Valorem Property Taxes;
  - c. California Department of Water Resources Off-Aqueduct Power Charges;

- d. Long-Term Capital Needs and California State Water Project Improvements;
  - e. Preparation of Urban Water Management Plans;
  - f. Water Quality and Salinity Control Measures Consistent with the Basin Planning Documents Adopted by the Santa Ana Regional Water Quality Control Board and the Colorado River Basin Regional Water Quality Control Board;
  - g. And Other Related Issues.
3. To maximize the efficiency and effectiveness of the San Geronio Pass Water Agency, the Board of Directors of the Yucaipa Valley Water District supports the restructuring of the Board of Directors of the San Geronio Pass Water Agency in such a manner that accomplishes the following goals:
- a. Reduces the number of Board of Directors of the San Geronio Pass Water Agency from seven members to five members.
  - b. Changes the existing governance structure of the Board of Directors of the San Geronio Pass Water Agency to consist of an appointed individual from representative public agencies, defined as a municipal corporation organized under the provisions of general law or chartered law, a special district, a county water district, an irrigation district, or any other public corporation of agency within the State of California of similar character, with the power to acquire, distribute, and provide retail drinking water service, that provides drinking water services within the boundary of the San Geronio Pass Water Agency to residents that live on taxable property within the San Geronio Pass Water Agency.
4. The General Manager of the Yucaipa Valley Water District is hereby directed to take the appropriate actions necessary to implement a legislative change in the governance structure of the San Geronio Pass Water Agency to provide the Yucaipa Valley Water District with direct representation as a voting member on the Board of Directors of the San Geronio Pass Water Agency to improve the operational efficiency and effectiveness in an effort to resolve regional water issues.
5. The Board of Directors of the Yucaipa Valley Water District hereby authorizes, supports, and sponsors legislation to achieve common goals of similar retail water suppliers in the service area of the San Geronio Pass Water Agency that adopt similar resolutions.

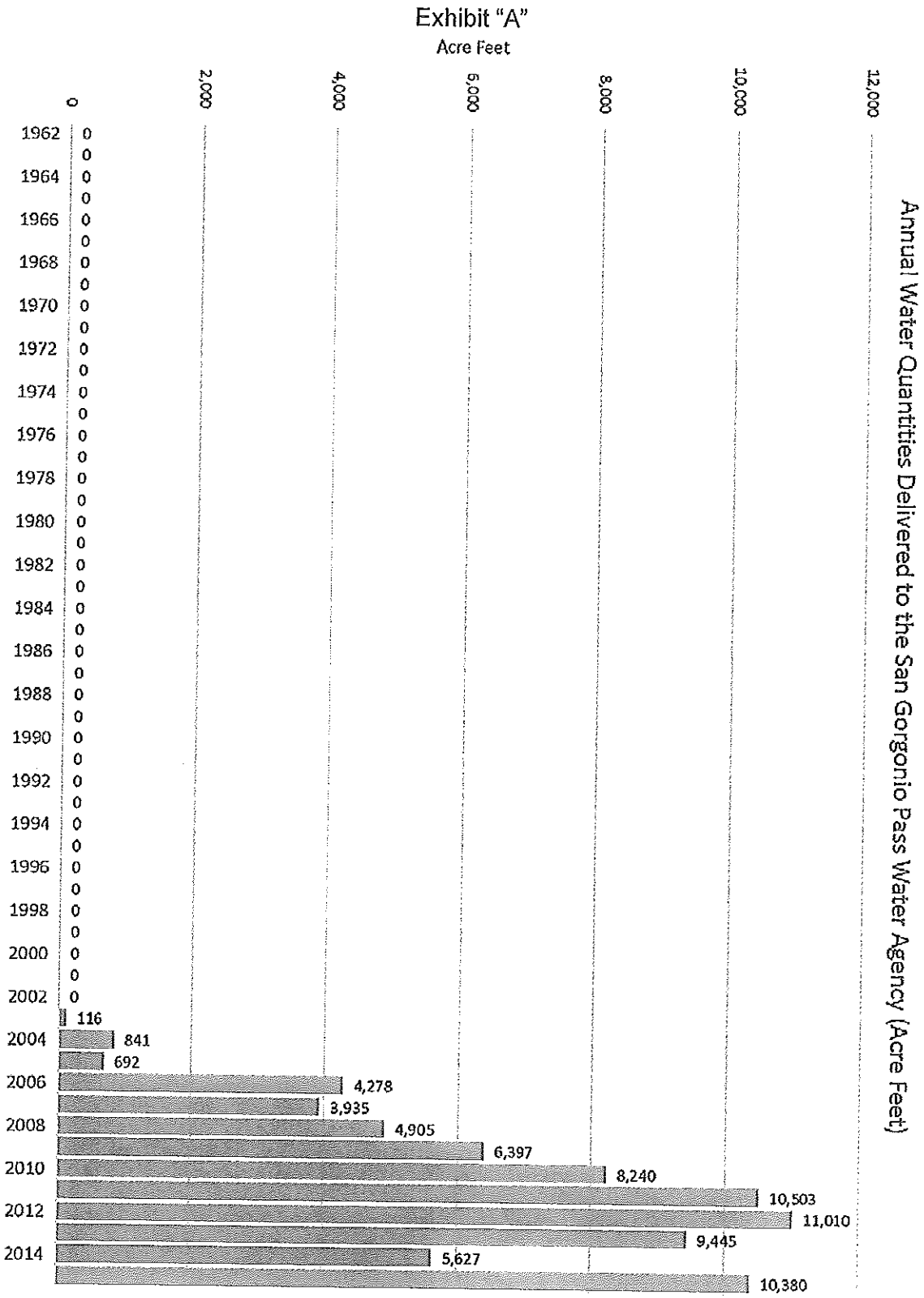
PASSED, APPROVED and ADOPTED this 9<sup>th</sup> day of February 2016.

YUCAIPA VALLEY WATER DISTRICT

ATTEST:

\_\_\_\_\_  
Lonni Granlund, President Board of Directors

\_\_\_\_\_  
Joseph B. Zoba, General Manager







**BEAUMONT-CHERRY VALLEY WATER DISTRICT  
AGENDA  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
560 Magnolia Avenue, Beaumont, CA 92223  
Board Member Nathan Douglass will participate telephonically  
From the Business Center at the Holiday Inn  
300 "J" Street, Sacramento, Ca 95814  
Wednesday, February 10<sup>th</sup>, 2016  
Regular Session 7:00 p.m.**

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**Call to Order, Vice President Cottrell**

**Pledge of Allegiance, Director Hoffman**

**Invocation, Director Covington**

**Roll Call**

**Public Comment**

**PUBLIC COMMENT:** At this time, any person may address the Board of Directors on matters within its jurisdiction which are not on the agenda. However, any non-agenda matters that require action will be referred to Staff for a report and possible action at a subsequent meeting. To provide comments on specific agenda items, please complete a speaker's request form and provide the completed form to the Board Secretary prior to the Board meeting. Please limit your comments to three minutes. Sharing or passing time to another speaker is not permitted.

**ACTION ITEMS**

1. **Adjustments to the Agenda**
2. **Consent Calendar:** All matters listed under the Consent Calendar are considered by the Board of Directors to be routine and will be enacted in one motion. There will be no discussion of these items prior to the time the Board considers the motion unless members of the Board, the administrative staff, or the public request specific items to be discussed and/or removed from the Consent Calendar.
  - a. December 2015 Budget Variance Report Review\*\* (pages 3-7)
  - b. December 30<sup>th</sup>, 2015 Cash/Investment Balance Report\*\* (page 8)
  - c. January 2016 Check Register Review\*\* (pages 9-24)
  - d. January 2016 Invoices Pending Approval\*\* (pages 25-27)
  - e. Minutes of the Regular Meeting January 13<sup>th</sup>, 2016\*\* (pages 28-30)
3. **Presentation and Discussion of the San Geronio Pass Water Agency Capacity Fee.**
4. **Consideration of Request for Update of Will Serve Letter for Previously Approved Development – Tract 27971 (Parcel Map 34880)\*\* (pages 31-54)**

5. **Update on State of California Department of Water Resource Emergency Drought Regulations – Oral Report\*\***(pages 55-78)
6. **Consider Resolution 2016-02: Supporting Changes to the Governance Structure of the San Geronio Pass Water Agency to Improve the Efficiency and Effectiveness of the Organization\*\***(pages 79-84)
7. **Reports For Discussion**
  - a. Ad Hoc Committees
  - b. General Manager
  - c. Directors Reports
  - d. Legal Counsel Report

#### 8. **Announcements**

- District Offices will be closed on February 15<sup>th</sup>, 2016 in observance of President's Day.
- Finance & Audit Committee meeting, March 3<sup>rd</sup>, 2016 at 3:00 p.m.
- Regular Board meeting, March 9<sup>th</sup>, 2016 at 7:00 p.m.

#### 9. **Action List for Future Meetings**

- Solar System Update
- Grand Avenue Storm Water Capture Project
- Proposition 1 Bond Opportunities
- Sustainable Groundwater Management Act: BCVWD impact

#### 10. **Adjournment**

\*\* Information included in the agenda packet

**AVAILABILITY OF AGENDA MATERIALS** - Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Beaumont-Cherry Valley Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection in the District's office, at 560 Magnolia Avenue, Beaumont, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available from the District Office at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during the meeting, they can be made available from the District Office in the Board Room of the District's Office.

**REVISIONS TO THE AGENDA** -In accordance with §54954.2(a) of the Government Code (Brown Act), revisions to this Agenda may be made up to 72 hours before the Board Meeting, if necessary, after mailings are completed. Interested persons wishing to receive a copy of the set Agenda may pick one up at the District's Main Office, located at 560 Magnolia Avenue, Beaumont, California, up to 72 hours prior to the Board Meeting.

**REQUIREMENTS RE: DISABLED ACCESS** - In accordance with §54954.2(a), requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the District Office, at least 48 hours in advance of the meeting to ensure availability of the requested service or accommodation. The District Office may be contacted by telephone at (951) 845-9581, email at [info@bcvwd.org](mailto:info@bcvwd.org) or in writing at the Beaumont-Cherry Valley Water District, 560 Magnolia Avenue, Beaumont, California 92223.

**RESOLUTION NO. 2016-02**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT-CHERRY VALLEY  
WATER DISTRICT  
SUPPORTING CHANGES TO THE GOVERNANCE STRUCTURE OF THE SAN GORGONIO  
PASS WATER AGENCY TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE  
ORGANIZATION**

**WHEREAS**, on November 8, 1960, the Burns-Porter Act, formally known as the California Water Resources Development Bond Act, was approved by California voters authorizing the construction of the California State Water Project; and

**WHEREAS**, on July 12, 1961, Governor Pat Brown signed the San Gorgonio Pass Water Agency Act creating the San Gorgonio Pass Water Agency to, among other things, acquire, or contract to acquire, waterworks or a waterworks system, and other property useful or necessary to store, convey, supply, or otherwise make use of water, within a specified area of the County of Riverside; and

**WHEREAS**, the seven member Board of Directors of the San Gorgonio Pass Water Agency first met on September 22, 1961 and began discussions with the State of California Department of Water Resources to secure a water supply to the region from the California State Water Project; and

**WHEREAS**, on November 16, 1962, the San Gorgonio Pass Water Agency entered into a water supply contract with the State of California Department of Water Resources, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California securing 15,000 acre feet as a maximum annual entitlement from the California State Water Project; and

**WHEREAS**, on January 19, 1965, the San Gorgonio Pass Water Agency entered into Amendment No. 2 to the water supply contract with the State of California, Department of Water Resources, which increased the maximum annual entitlement of the California State Water Project from 15,000 acre feet to 17,300 acre feet per year; and

**WHEREAS**, the current configuration of the Department of Water Resources, State Water Project includes thirty dams (29 of which impound water), twenty reservoirs, twenty-nine pumping and generating plants, and approximately seven hundred miles of aqueducts; and

**WHEREAS**, with the completion of the first phase of the California State Water Project - East Branch Extension in 2003, the San Gorgonio Pass Water Agency was able to begin the delivery of water from the California State Water Project to the retail water suppliers in its service area.

**WHEREAS**, the State of California, Department of Water Resources publishes Bulletin 132, the Management of the State Water Project to describe the State Water Project status, operations and water deliveries with updated project costs and financing, water supply planning, power operations and significant events that affect State Water Project management with the first report being published in 1963; and

**WHEREAS**, according to Table B-5B of the State of California, Department of Water Resources, Bulletin 132-14, Management of the California State Water Project, dated November 2015, the annual water quantities delivered to the San Geronio Pass Water Agency has been tabulated and illustrated on Exhibit "A" attached to this Resolution.

**WHEREAS**, according to Table 1-6 of the State of California, Department of Water Resources, Bulletin 132-14, Management of the California State Water Project, dated November 2015, the long-term water supply contracting agencies have paid \$18,459,715,722 and received cumulative water deliveries of 97,103,865 acre feet as of December 31, 2013, which represents a cost:benefit ratio of \$190 per acre foot; and

**WHEREAS**, according to Table 1-6 of the State of California, Department of Water Resources, Bulletin 132-14, Management of the California State Water Project, dated November 2015, the retail water suppliers and property owners of the San Geronio Pass Water Agency have paid \$155,826,190 and received cumulative water deliveries of 57,662 acre feet as of December 31, 2013, which represents a cost:benefit ratio of \$2,702 per acre foot, compared to the same cost:benefit ratio of the neighboring State Water Contractor San Bernardino Valley Municipal Water District of \$690 per acre foot.

**NOW, THEREFORE**, the Board of Directors of the Beaumont-Cherry Valley Water District hereby **RESOLVES, DETERMINES, and ORDERS** as follows:

1. That the San Geronio Pass Water Agency has achieved the goal of completing the first phase of the California State Water Project - East Branch Extension in 2003, and that the second phase of the California State Water Project - East Branch Extension is expected to be completed in 2017. The Board of Directors and staff members of the San Geronio Pass Water Agency are hereby commended for their achievements over the past fifty five years for bringing California State Water Project infrastructure to serve the Pass Area.
2. The operation of the California State Water Project are complex and require unequivocal integration and long-term planning by the Department of Water Resources and retail water suppliers served by the San Geronio Pass Water Agency to properly implement policies and practices related to, but not limited to:
  - a. Imported Water Rates;
  - b. Ad Valorem Property Taxes;
  - c. California Department of Water Resources Off-Aqueduct Power Charges;
  - d. Long-Term Capital Needs and California State Water Project Improvements;
  - e. Preparation of Urban Water Management Plans;
  - f. Water Quality and Salinity Control Measures Consistent with the Basin Planning Documents Adopted by the Santa Ana Regional Water Quality Control Board and the Colorado River Basin Regional Water Quality Control Board;
  - g. And Other Related Issues.
3. To maximize the efficiency and effectiveness of the San Geronio Pass Water Agency, the Board of Directors of the Beaumont-Cherry Valley Water District supports the restructuring of the Board of Directors of the San Geronio Pass Water Agency in such a manner that accomplishes the following goals:

- a. Reduces the number of Board of Directors of the San Gorgonio Pass Water Agency from seven members to five members.
  - b. Changes the existing governance structure of the Board of Directors of the San Gorgonio Pass Water Agency to consist of an appointed individual from representative public agencies, defined as a municipal corporation organized under the provisions of general law or chartered law, a special district, a county water district, an irrigation district, or any other public corporation of agency within the State of California of similar character, with the power to acquire, distribute, and provide retail drinking water service, that provides drinking water services within the boundary of the San Gorgonio Pass Water Agency to residents that live on taxable property within the San Gorgonio Pass Water Agency.
4. The General Manager of the Beaumont-Cherry Valley Water District is hereby directed to take the appropriate actions necessary to implement a legislative change in the governance structure of the San Gorgonio Pass Water Agency to provide the Beaumont-Cherry Valley Water District with direct representation as a voting member on the Board of Directors of the San Gorgonio Pass Water Agency to improve the operational efficiency and effectiveness in an effort to resolve regional water issues.
  5. The Board of Directors of the Beaumont-Cherry Valley Water District hereby authorizes, supports, and sponsors legislation to achieve common goals of similar retail water suppliers in the service area of the San Gorgonio Pass Water Agency that adopt similar resolutions.

**PASSED, APPROVED and ADOPTED** This 10<sup>th</sup> day of February 2016.

ATTEST:

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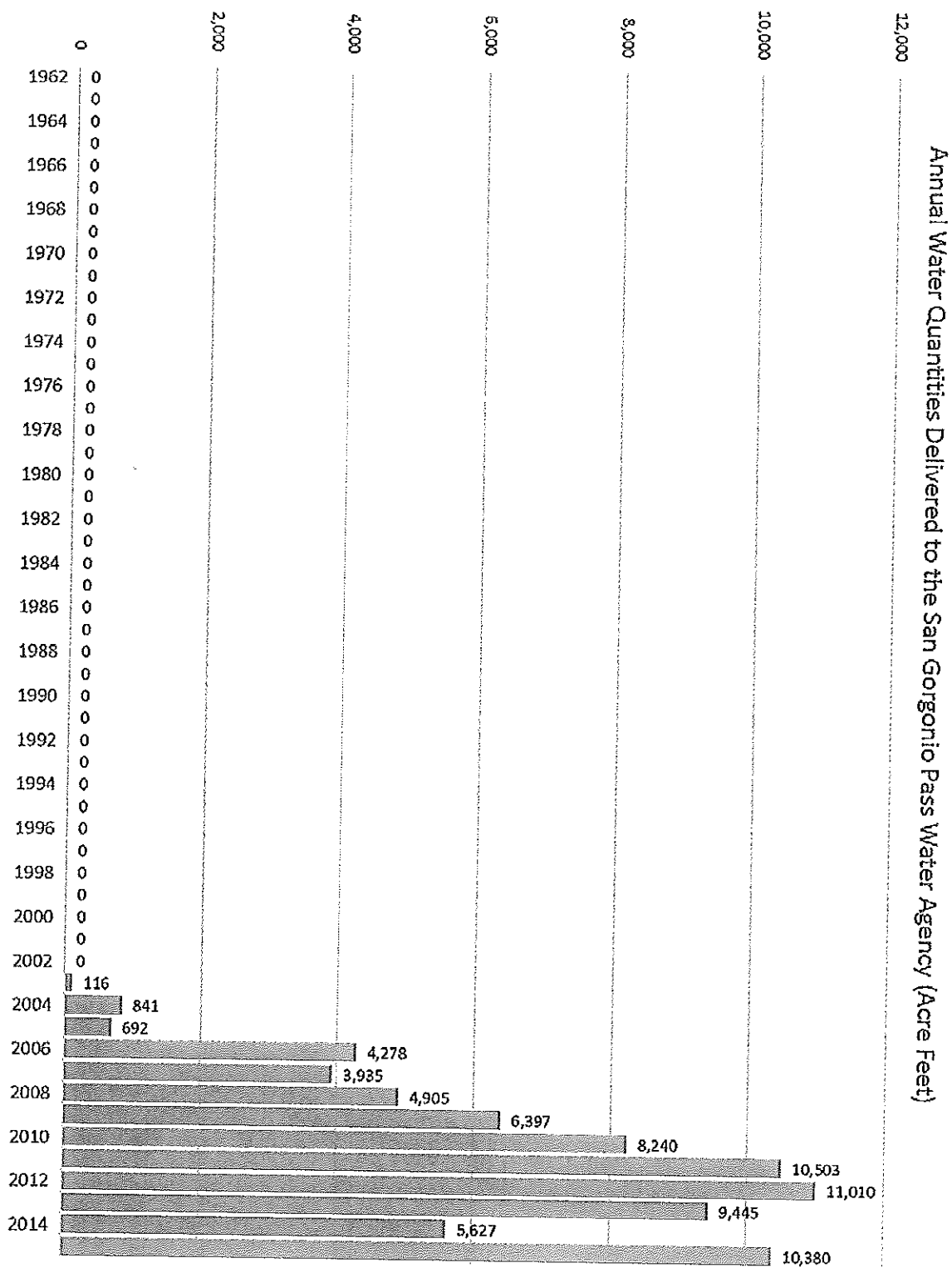
Jeffrey Cottrell, President  
to the Board of Directors of the  
Beaumont-Cherry Valley Water District

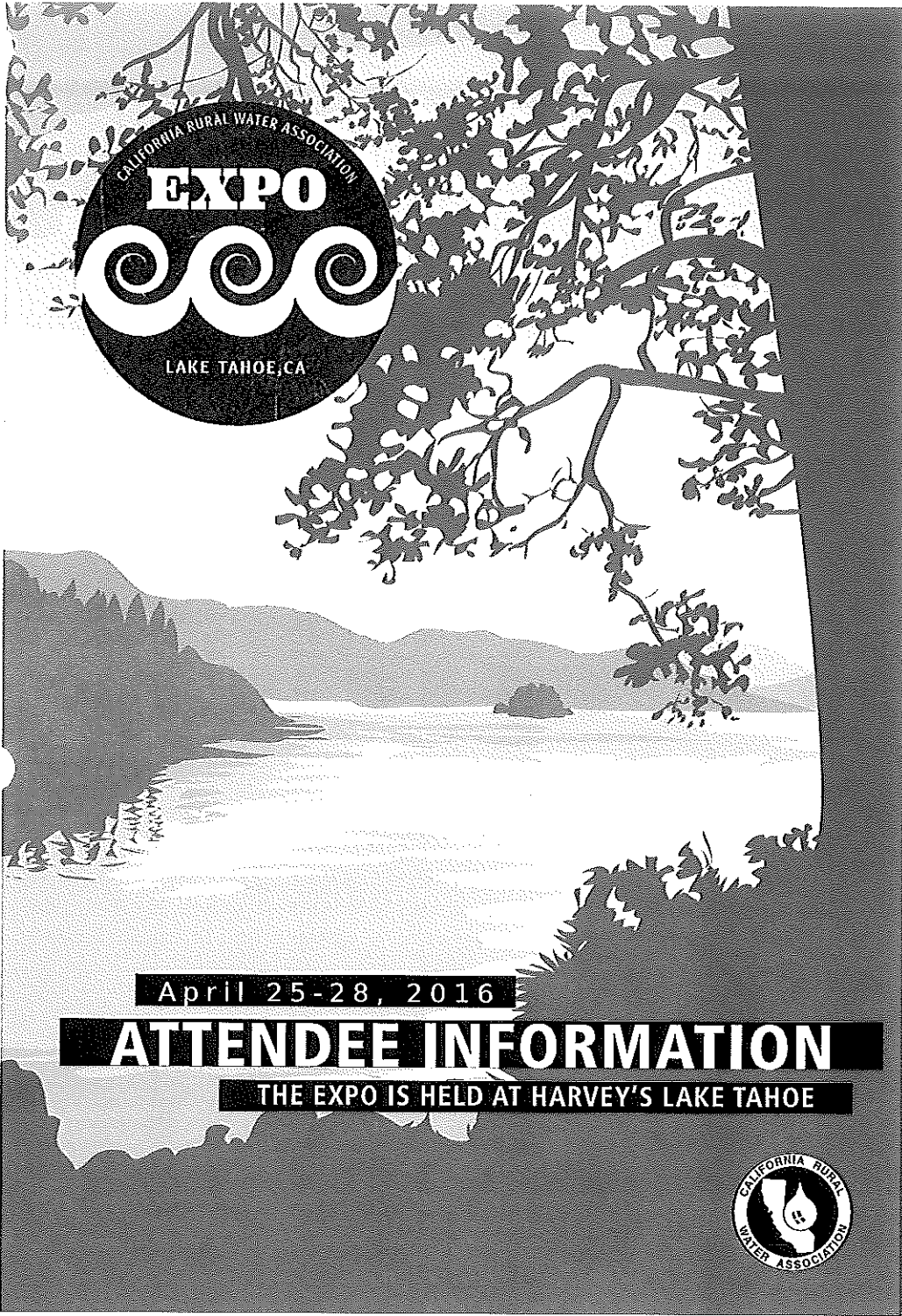
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Director Daniel Slawson, Secretary to  
the Board of Directors of the  
Beaumont-Cherry Valley Water District

### Exhibit "A"

Acre Feet

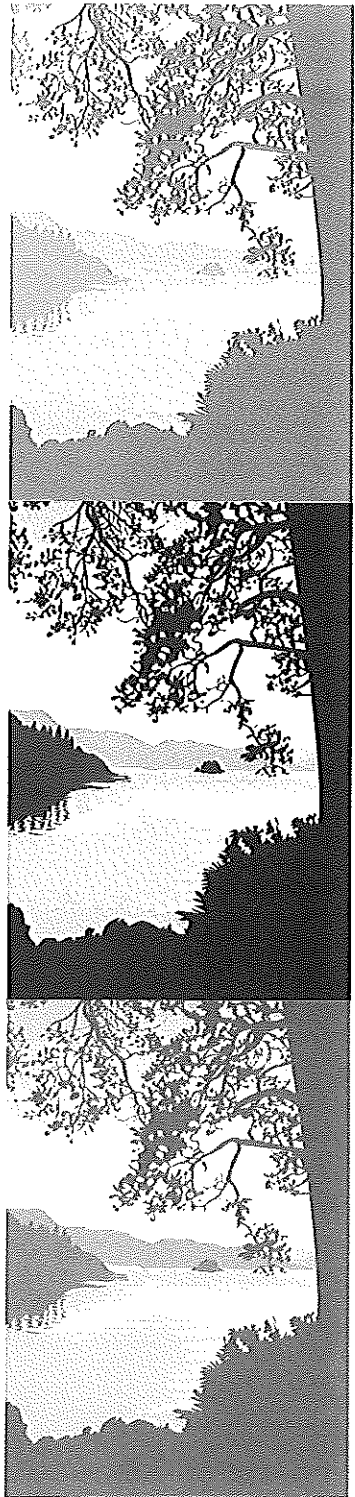




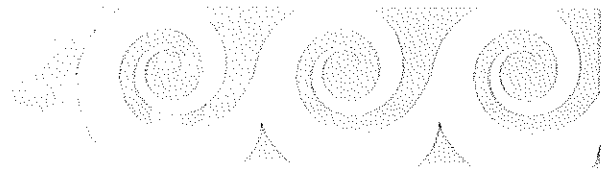
April 25-28, 2016

# ATTENDEE INFORMATION

THE EXPO IS HELD AT HARVEY'S LAKE TAHOE



Nearly 100 training hours at this year's Expo - Contact Hours for water system and wastewater operators are available for eligible sessions, enabling you to meet most or all training requirements at one time.



## FREQUENTLY ASKED QUESTIONS

### • How do I register?

You may register immediately for the 2016 Education & Exhibitor Expo by completing the form on page 11. Additional registration forms are available at [www.calruralwater.org](http://www.calruralwater.org).

### • Why should I attend?

Attendees participate in the Expo to earn necessary contact hours, network with exhibitors and peers, connect with EPA and SWRCB representatives, and to have a good time! This year's Expo includes a wide range of classes with topics relevant to water and wastewater operators and administrators.

### • When can I pick up my registration packet?

Registration packets including conference materials, contact hour cards and an onsite guide will be available at the registration desk beginning at 6pm on Monday, April 25, 2016.

### • Can I register after the April 11, 2016 deadline?

Yes, but you will not receive a formal confirmation until you arrive at the Expo. If you do register after April 11, please call the CRWA office to confirm receipt of your registration.

### • What meals are included in my registration?

Breakfast and lunch will be provided to you on each day that you are registered for the Expo. We also offer free beer samples and snacks during our brewfest on Wednesday afternoon.

### • Can I attend the Awards Banquet?

Yes, as long as you check the box on your registration form! All attendees are encouraged to join us at our Annual Awards Banquet on Tuesday night. Fees for the banquet are included if you are registered for Tuesday classes. Remember, it is important that you let us know on your registration form that you plan on attending the banquet – tickets will only be given to those who indicate their attendance when they register. Guests are welcome to join in on the fun. You can purchase guest tickets using your registration form for \$60.

### • If I register but can't attend, can someone else attend in my place?

Yes, you may substitute someone else from your system by notifying CRWA in writing by April 11, 2016.

### • How do I cancel a registration?

You must cancel your registration in writing. Cancellations received by April 11, 2016 will receive a refund less a \$25 processing fee. Cancellations after April 11, 2016 will not be refunded.

### • Where should I stay?

**HARVEYS**  
LAKE TAHOE

All Expo activities take place at Harveys Lake Tahoe Casino & Resort. We recommend staying at this hotel as well for convenience. Harvey's is located at Highway 50 at Stateline Avenue, Lake Tahoe, NV 89449

Reservations: 800.455.4770

Special CRWA Room Rates\*:

\$59 for Mountain Tower or

\$79 for Lake Tower

Room Rate Cut-Off: April 11, 2016

\* Please identify yourself with group code S04CRW6 to receive the special group rate!

### • How do I contact CRWA?

*By mail:*

California Rural Water Association

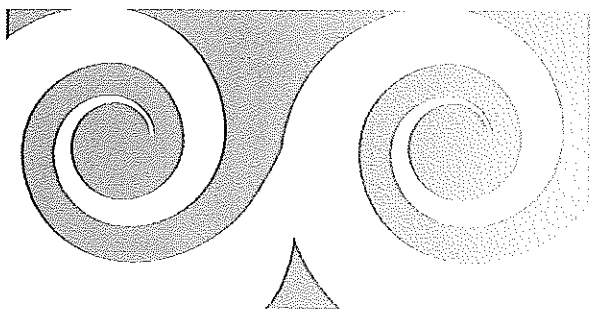
4131 Northgate Blvd.

Sacramento, CA 95834

Phone: 800.833.0322

Fax: 916.553.4904

Email: [info@calruralwater.org](mailto:info@calruralwater.org)



## MONDAY, APRIL 25

### Welcome Reception - Registration Packet Pickup

Beer, Wine and Snacks Served

HOSTED BY CRWA ON THE 3RD FLOOR CONVENTION CENTER.

Join us for beer, wine and snacks on Monday night. Meet CRWA staff, pick up your registration materials and prepare for your upcoming classes and Expo events. See you there!





# 2016 Quick View Program



## TUESDAY, APRIL 26

	WATER 1	WATER 2	WASTEWATER	REGULATORY	MANAGEMENT
7-8:00	Beginning Water Math 1 SWRCB Contact Hour (W1)	Beginning Water Math 1 SWRCB Contact Hour (W5)	Beginning Water Math 1 SWRCB Contact Hour (W8)	Beginning Water Math 1 SWRCB Contact Hour (W9)	
8-9:00	<b>BREAKFAST</b>				
9-10:00	Alternative Disinfection 3 SWRCB Contact Hours (W2)	Cross Connection Control 3 SWRCB Contact Hours (W6)	Sewer Lift Pump Station Design 3 CWEA Hours (WW1)	Update on EPA Regs 1 SWRCB Contact Hour (R1)	Intro Utility Management 1 SWRCB Contact Hour (M1)
10-11:00				Groundwater Rule 1 SWRCB Contact Hour (R2)	CEQA 1 SWRCB Contact Hour (M2)
11-12:00				Revised Coliform R016 1 SWRCB Contact Hour (R3)	Managing Insurance Risks 1 SWRCB Contact Hour (M3)
12-1:00	<b>LUNCH</b>				
1-2:00	Chrome VI 2 SWRCB Contact Hours (W3)	Leak Detection & Metering Information 4 SWRCB Contact Hours (W7)	Wastewater Cert Review 4 CWEA Hours (WW2)	Confined Space 4 SWRCB Contact Hours (R4)	Ten Most Common Pitfalls of the Utility Manager 4 Completion Hours (M4)
2-3:00					
3-4:00	Basic SCADA Controls 2 SWRCB Contact Hours (W4)				
4-5:00					
5-6:00	<b>ANNUAL MEETING AND AWARDS BANQUET</b>				

## WEDNESDAY, APRIL 27

	WATER 1	WATER 2	WASTEWATER	REGULATORY	MANAGEMENT
7-8:00	Intermediate Math 1 SWRCB Contact Hour (W10)	Intermediate Math 1 SWRCB Contact Hour (W12)	Intermediate Math 1 SWRCB Contact Hour (W14)	Intermediate Math 1 SWRCB Contact Hour (W15)	
8-9:00	<b>BREAKFAST</b>				
9-10:00	Water Tank Selection 3 SWRCB Contact Hours (W11)	State and Federal Funding Opportunities 3 SWRCB Contact Hours (W13)	Collection System Compliance 3 CWEA Contact Hours (WW3)	Arsenic Compliance & Treatment 3 SWRCB Contact Hours (R5)	Rates & Rate Structures 3 SWRCB Contact Hours (M5)
10-11:00					
11-12:00					
12-1:00	<b>LUNCH WITH EXHIBITORS</b>				
1-5:00	<b>EXHIBITOR HOURS, RAFFLE AND RECEPTION</b>				

## THURSDAY, APRIL 28

	WATER 1	WATER 2	WASTEWATER	REGULATORY	MANAGEMENT
7-8:00	Advanced Water Math 1 SWRCB Contact Hour (W16)	Advanced Water Math 1 SWRCB Contact Hour (W19)	Advanced Water Math 1 SWRCB Contact Hour (W22)	Advanced Water Math 1 SWRCB Contact Hour (W23)	
8-9:00	<b>BREAKFAST</b>				
9-10:00	Chlorine Disinfection 3 SWRCB Contact Hours (W17)	Basic Sampling AB&WW 3 SWRCB Contact Hours (W20)	Activated Sludge 3 CWEA Hours (WW4)	Source Water Protection 3 SWRCB Contact Hours (R6)	AB 54/AB 240 2 SWRCB Contact Hours (M6)
10-11:00					
11-12:00					Ethics Overview 1 SWRCB Contact Hour (M7)
12-1:00	<b>LUNCH</b>				
1-2:00	Diagnosing & Solving Well Problems 3 SWRCB Contact Hours (W18)	Advanced Operations & Management Tools 4 SWRCB Contact Hours (W21)	Chemical Dosing 3 CWEA Hours (WW5)	Sanitary Survey Prep 4 SWRCB Contact Hours (R7)	
2-3:00					
3-4:00					
4-5:00					

Please note: This is a preliminary schedule and is subject to change. Please check our website for the most current lineup of courses.

Questions? Please contact us: California Rural Water Association  
916.553.4900 • [www.calruralwater.org](http://www.calruralwater.org) • [info@calruralwater.org](mailto:info@calruralwater.org)

# EDUCATION TRACKS

**TUESDAY APRIL 26, 2016**

## WATER TRACK

7 - 8AM

### Beginning Water Math (W1)

1 SWRCB CONTACT HOUR

This session will cover water terms & definitions, water measurements, formulas (area and volume), and conversions. This course is appropriate for operators preparing for the Grade 1 exam or anyone wanting basic water math skills.

9 AM– 12PM

### Alternative Disinfection (W2)

3 SWRCB CONTACT HOURS

Are disinfection by products causing you grief or is chlorine just not meeting your needs? Check out what other chemicals or processes may suit your particular system better. We will cover UV, ozone, and other options that are available today.

1 - 3PM

### Chromium VI Occurrence, Regulations and Remediation (W3)

2 SWRCB CONTACT HOURS

The movie "Erin Brockovich" brought chromium VI (Cr (VI)), Cr +6, (hexavalent chromium) into public awareness as a metallic element of great concern for human health. Drama aside, Cr (VI) is a known carcinogen and worthy of care when it occurs in an environment with potential human exposure. In this class, the instructors will attempt to address various aspects of Cr (VI), including its occurrence, regulations associated with Cr (VI), and existing and developing treatment technologies and remediation options for Cr (VI).

3 - 5PM

### Basic SCADA Controls (W4)

2 SWRCB CONTACT HOURS

This class will discuss practical solution and the basic components, layouts, and configurations of effective SCADA systems including: field devices; PLC's and remote IO; HMI clients and servers, remote connectivity, and the networks on which they operate.

## WATER TRACK II

7 - 8AM

### Beginning Water Math (W5)

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

### Cross Connection Control (W6)

3 SWRCB CONTACT HOURS

This course looks at recent updates in cross-connection control. Topics include new regulations, survey techniques, new manuals and publications, resource information and related safety issues.

1 - 5PM

### Leak Detection and Metering (W7)

4 SWRCB CONTACT HOURS

Principles of leak detection and how meters play a significant part with Non-Revenue Water (NRW); it will also feature a panel from our vendors about their products. IF YOU DON'T MEASURE IT, HOW DO YOU MANAGE IT!

## WASTEWATER TRACK

7 - 8AM

### Beginning Water Math (W8)

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

### Sewer Lift Pump Station Design (WW1)

3 CWEA WW CONTACT HOURS

Sewer Lift stations should be designed to pump the peak flow rate as well as keep the sewage from turning septic during periods of low flow; considerations for future growth should be allowed in the design. The control system should be matched to the system used by the utility and considerations should be given to SCADA. Emergency power should be provided either as a fixed generator or by a portable generator. Odor control should be considered for all stations as well, additionally, remote locations may be able to have less than a station in residential area.

1 - 5PM

### Wastewater Cert Review (WW2)

4 CWEA WW CONTACT HOURS

This review class utilizes the CRWA Wastewater Certification Review Workbook and is designed to enhance an operator's working knowledge of wastewater. It will also provide detailed instruction on the expected range of knowledge for Wastewater operators, and practice exams. This format will refresh operators on the many wastewater systems and helps sharpen their test-taking skills.

TUES.

**Registration Desk Hours**

6:30AM – 5PM

**Breakfast**

8 – 9AM

**Taste Test Luncheon**

12 – 1PM

**CRWA Annual Business Meeting**

4:30 – 5PM

**Awards Banquet**

6:30 – 9PM

## REGULATORY TRACK

7 - 8AM

### **Beginning Water Math (W9)**

1 SWRCB CONTACT HOUR

Please see previous description.

9 - 10AM

### **Update on EPA Regulations (R1)**

1 SWRCB CONTACT HOUR

This drinking water regulation update will focus on recent EPA regulatory actions including the Unregulated Contaminant Monitoring Rule 3rd Cycle, the Airline Drinking Water Rule, and other recent federal SDWA actions/inactions.

10 - 11AM

### **Groundwater Rule (R2)**

1 SWRCB CONTACT HOUR

The purpose of the Federal Groundwater Rule (GWR) is to reduce disease incidence associated with disease-causing microorganisms in drinking water. The rule applies to all systems that use groundwater as a source of drinking water. This class will review the GWR and how it affects you and your system.

11AM - 12PM

### **Revised Coliform Rule (R3)**

1 SWRCB CONTACT HOUR

This class will explain the revisions in the Total Coliform Rule.

1 - 5PM

### **Confined Space (R4)**

4 SWRCB CONTACT HOURS

This course provides the understanding, knowledge, and skills necessary for the safe performance of confined-space entry duties in compliance with state and federal OSHA regulations. Topics include protection requirements, OSHA regulations, host employer's responsibilities, permit-required spaces, and emergency rescue and retrieval.

## MANAGEMENT TRACK

9 - 10AM

### **Introduction to Utility Management (M1)**

1 SWRCB CONTACT HOUR

This course will give an overview into the following Utility Management components; financial sustainability and capacity development, accounting practices and principles, personnel policies and procedures, water and wastewater operations as well as, information on human resources; including federal wage and hour laws, requirements, and public relations and policy.

10 - 11AM

### **CEQA (M2)**

1 SWRCB CONTACT HOUR

This class will explain what CEQA is, who is responsible for implementing it and when it applies. It will also cover the types of CEQA documents, mitigation measures and the CEQA Process. Case studies will be included and a brief Q & A session to follow.

11AM - 12PM

### **Managing Insurance Risks (M3)**

1 SWRCB CONTACT HOUR

This class is designed to provide clear understanding to water utility board members, managers and officers on utility insurance and forms of coverage. Various forms of coverage will be studied including General Liability, Management Liability, Auto and Excess, Property, Inland Marine and Crime.

1 - 5PM

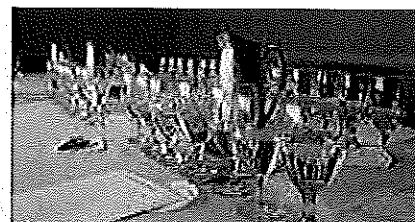
### **Ten Most Common Pitfalls of the Utility Manager (M4)**

4 Completion Hours \* this course is not applicable for contact hours\*

This class will cover how changes to the U.S. Economy, specifically interest rates, unemployment, and the housing market, are impacting a rural water borrower's access to the debt market. And will cover and discuss what options are available for rural water borrowers.

## Don't miss...

### **TASTE TEST LUNCHEON • 12 - 1PM**



Watch as judges taste nominations for the Best Tasting Water in California! The winner will be announced at the Awards Banquet later in the evening. Seating is on a first-come, first-served basis.

### **AWARDS BANQUET • 6:30 - 9PM**



Support your peers as the winners for the Best Tasting Water in California, Associate Member of the Year, and Water and Wastewater Operators of the Year awards are announced. Dinner and entertainment will follow for an evening of good food, good company, and good laughs! Please indicate your attendance at this event on the registration form. Seating is on a first-come, first-served basis.

# EDUCATION TRACKS

**WEDNESDAY APRIL 27, 2016**

## WATER TRACK

7 - 8AM

### Intermediate Math (W10)

1 SWRCB CONTACT HOUR

This course will cover conversion calculations such as the pounds formula, velocity calculations, bleach concentrations and dosage problems. The class will cover the type of problems that you will see on a Grade 2 exam and some of math on the Grade 3 exam. This class will benefit anyone planning to take a state certification exam at the Grade levels 1-3.

9AM - 12PM

### Water Tank Selection (W11)

3 SWRCB CONTACT HOURS

This presentation discusses the three primary tank types and identifies the benefits and draw-backs of each tank type. The program will then address tank maintenance and will focus on proven methods and procedures used to achieve tank service life expectations in excess of 100 years. The talk will conclude by covering the different types of inspections and addressing the critical aspects that should be addressed in any good inspection. Attendees will leave the class with a basic understanding of how to inspect their tanks and an inspection form to assist in routine inspections. All recommendations and conclusions will be supported by AWWA Standards, California Water Works Standard, OSHA Standards or other such documentation.

## WATER TRACK II

7 - 8AM

### Intermediate Math (W12)

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

### State and Federal Funding Opportunities (W13)

3 SWRCB CONTACT HOURS

This presentation will cover how to identify a capital project, environmental documentation, construction bidding, the role of TMF, funding agencies and many other aspects of infrastructure planning and funding.

## WASTEWATER TRACK

7 - 8AM

### Intermediate Math (W14)

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

### Collection System Compliance (WW3)

3 CWEA WW CONTACT HOURS

This very informative session will cover Collection System Compliance, Safety, and Traffic Safety including the CAL-OSHA mandates regarding Flagger training & safety. It will also cover the newest regulations and mandates beginning in May 2010 such as the Statewide Sanitary Sewer Overflow Reduction Program and the Statewide Sanitary Sewer Overflow Reduction Program Compliance and Enforcement Plan.

## REGULATORY TRACK

7 - 8AM

### Intermediate Math (W15)

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

### Arsenic Compliance & Treatment (R5)

3 SWRCB CONTACT HOURS

This course will focus on the regulatory requirements of the SDWA Arsenic regulations in regards to treatment, reporting, and testing requirements. The different treatment technologies available will be discussed along with methodologies for blending to achieve contaminant level reductions that will satisfy the mandated MCL.

## MANAGEMENT TRACK

9AM - 12PM

### Rates and Rate Structures (M5)

3 SWRCB CONTACT HOURS

How do I develop a rate structure? We have to install meters, how do I figure out a meter rate? What is a fair rate? This class will analyze the various options in rate setting; it will provide you with the tools you need to set up viable rates and rate structures.

WED.

**Registration Desk Hours**  
6:30AM - 5PM

**Breakfast**  
8 - 9AM

**Lunch with Exhibitors**  
12 - 1PM

**Exhibitor Hours**  
12 - 5PM

**Reception and Micro Brew Beer Fest**  
1 - 5PM

# Don't miss...

## WEDNESDAY RECEPTION • 1 – 5PM



### BREWFEST

#### WEDNESDAY

**Reception and Micro Brew Beer Fest**  
1 – 5PM

Enjoy hot appetizers and taste a variety of microbrews while networking with peers and exhibitors! Visit with exhibitors and fellow attendees while raffle prizes are awarded every 15 minutes. All raffle ticket sales benefit the NRWA Political Action Committee.

### WATER TRACK

7 - 8AM

#### Advanced Water Math (W16)

1 SWRCB CONTACT HOUR

This class enhances water math skills for those who already have developed knowledge of using basic math formulas. Mathematical equations include CT calculations, filtration, sedimentation, and solution mixing. Time is provided to review math problems and allow the participant to find the solution.

9AM - 12PM

#### Chlorine Disinfection (W17)

3 SWRCB CONTACT HOURS

This course will cover Chlorine Disinfection as it relates to utilization of sodium hypochlorite. This course will cover trouble shooting basic chlorine taste and odor problems, residual kmk retention, and basic chlorine chemistry as it relates to the development of TTHMs in the distribution system and storage.

1 - 4PM

#### Diagnosing and Solving Well Problems (W18)

3 SWRCB CONTACT HOURS

This session will discuss the various tools and techniques available to diagnose and treat various well problems ranging from bacterial contamination to reduced well yields to well sanding to well casing issues. Well rehabilitation and maintenance techniques will also be discussed. The goal is to optimize operational efficiency and reduce in operating costs of the well, as well as increase the operational life span of the well to reduce overall capital costs to the water purveyor.

### WATER TRACK II

7 - 8AM

#### Advanced Water Math (W19)

1 SWRCB CONTACT HOUR

Please see previous description.

9AM – 12PM

#### Basic Sampling AB&WW (W20)

3 SWRCB CONTACT HOURS

This course will cover both class AB & WW (wastewater) sampling procedures. It will also cover how to communicate effectively with your laboratory, how to read & interpreting lab results, proper hand sanitation, why you should take a water sample. A sample-siting plan is required for all Small Water Systems according to the California Code of Regulations, Title 22.

1 - 5PM

#### Advanced Operations & Management Tools (W21)

4 SWRCB CONTACT HOURS

This course is offering Advanced Operations and Management Tools for Water Utilities. This course is designed to train operators and managers for management and operations on the various computer applications available for operations and management of the water system; it will provide ADVANCED training in the computer applications that will specifically assist in regulatory compliance, financial reporting, and the operation and maintenance of the water system. Students will learn how to increase productivity with helpful tips, shortcuts and new functions.

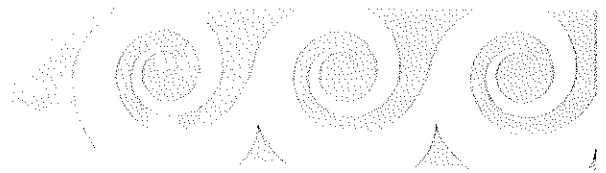
**THURS.**

**Registration Desk Hours**  
6:30AM – 1PM

**Breakfast**  
8 – 9AM

**Lunch**  
12 – 1PM

# EDUCATION TRACKS



## THURSDAY CONTINUED

### WASTEWATER TRACK

7 - 8AM

#### **Advanced Water Math (W22)**

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

#### **Activated Sludge (WW4)**

3 CWEA WW CONTACT HOURS

The Activated Sludge process is a Secondary Treatment method which utilizes aerobic organisms to oxidize, reduce and consume the finely divided suspended solids and soluble organic components which were not removed by the previous treatment units (screens, clarifiers, etc.). This is accomplished in the Aeration Basin by the organisms converting the organic matter into carbon dioxide, water and nitrate and sulfate compounds. This results in a stabilized organic mass which readily clumps together and settles which enables removal in a clarifier. A major portion of the solids which settle in the clarifier are returned to the head of the Aeration Basin (RAS- Return Activated Sludge) with a small percentage of the solids (WAS-Waste Activated Sludge) removed for further treatment and disposal.

1 - 4PM

#### **Chemical Dosing (WW5)**

3 CWEA WW CONTACT HOURS

The primary consideration in chemical dosing is that of safety. Before beginning any aspect of dosing, the operator must have a thorough knowledge of the issues. This class offers an overview of all the aspects of chemical dosing.

### REGULATORY TRACK

7 - 8AM

#### **Advanced Water Math (W23)**

1 SWRCB CONTACT HOUR

Please see previous description.

9AM - 12PM

#### **Source Water Protection (R6)**

3 SWRCB CONTACT HOURS

Want to impress funding sources with your proactive approach to water supply management? Do you have a water supply that is precariously set near multiple potentially contaminating activities? Want to learn how to protect your water supply from pollution? Or do you have excellent drinking water that never needs to be treated? Want to keep it that way? After all, prevention is only a fraction of the cost of mitigation. This class will show you how and why a source water protection plan is an inexpensive but necessary choice for all water systems. We will also take you through all the steps of creating and implementing your own source water protection plan.

1 - 5PM

#### **Sanitary Survey Prep (R7)**

4 SWRCB CONTACT HOURS

This workshop is to assist or prepare the water system for a sanitary survey. The main objective is to provide awareness to the system owner/operator regarding sanitary defects. Primary focus is to provide the water agency personnel with the administrative tools to perform an in-house inspection utilizing the guidelines of the sanitary survey checklist.

### MANAGEMENT TRACK

9 - 11AM

#### **AB54/AB240 (M6)**

2 SWRCB CONTACT HOURS

This training for mutual water company directors will cover both the required subject matter set forth in AB 54 (i.e., the duties of mutual water directors, the duties of public water systems to provide drinking water that complies with federal and state requirements and issues related to the long-term management of a public water system – including budgeting and rate setting), and the provisions of AB 240 concerning, among other things, new requirements for open mutual water company board meetings and the disclosure of certain company records.

11AM - 12PM

#### **Ethics Overview (M7)**

1 SWRCB CONTACT HOUR

This session will review ethics issues such as conflicts of interest, legislative regulations, violation consequences, economic interests, gift restrictions, honorariums, and constitutional issues. We will also discuss transparency laws, competitive bidding requirements, Public Records Act (PRA), and fair decision-making practices. It is not intended as a detailed and technical overview of the statute for guidance of City Clerks, Board Secretaries and other public records professionals, although some may find it a useful summary. If you have questions specific to your obligations under the Act, please consult your legal counsel.



**Operator of the Year Awards**  
 Please fill out the award nomination form below and supporting documentation no later than March 25, 2016.

CALIFORNIA RURAL WATER ASSOCIATION

**WATER OPERATOR AND WASTEWATER OPERATOR OF THE YEAR**



**Nomination Forms**

Please send all nomination forms for Water/Wastewater Operator of the Year and Best Tasting Water by March 25, 2016 to:

CRWA  
 Attn: Expo Awards Program  
 4131 Northgate Blvd  
 Sacramento, CA, 95834  
 Fax: 916.553.4904  
 e: info@calruralwater.org

Nomination forms are also available at [www.calruralwater.org/p/expo](http://www.calruralwater.org/p/expo)

**Nominee Criteria**

A nominee must be a certified water and/or wastewater operator, must have worked full time for the system for at least two years, and must have the appropriate certifications to operate that system. The recipient of this award must be able to attend the 2016 CRWA Education Expo on April 26, 2016.

**AWARD NOMINATION APPLICATION**

This is your chance to brag about your system's personnel! Do you have a water and/or wastewater operator who goes above and beyond to excel in their management of your water system? If so, we want to know about them and give them the recognition they deserve for being the best in the business! Each CRWA member system can submit one nomination in each field. Selection of winners will be based on a submitted example of how the nominee has contributed to the system's operations and their commitment to the system and its constituents. Information on the nominee's achievements both within and outside of the system as well as letters of recommendation will also be accepted for use in the selection process. This is a great way to honor your exemplary water and/or wastewater operator!

**SYSTEM CRITERIA**

Nominations are accepted from water and wastewater systems that are members of CRWA. The system may nominate one operator for each category (water and wastewater) or one operator for both categories. The system must be in compliance, or in the process of becoming compliant, due to the nominee's efforts. A nomination can come from co-workers, management, boards or office staff.

**NOMINATION CREDENTIALS**

The nomination form must be accompanied by:

- Proof of the nominee's operator certification(s)
- Nominee's job description(s)
- A brief narrative description of the nominee's contributions to the system's operations and commitment to the system (e.g., through letters of support from the system, DHS, community members, or board members), outlining the nominee's achievements
- Contact names and numbers for follow-up research by CRWA

**SELECTION PROCESS**

The nomination form(s) and supporting documentation must be received by the CRWA office no later than March 25, 2016. CRWA management will select this year's award recipients on the basis of the nomination materials received and processed. Award recipients will be notified on or before April 15, 2016.

**Award Application**

System Name: \_\_\_\_\_

Nominee Name: \_\_\_\_\_

Nominee Title: \_\_\_\_\_

Nominated for:  Water Operator of the Year     Wastewater Operator of the Year

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

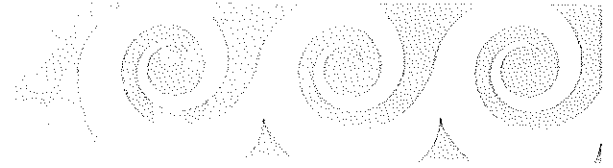
Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Submitted by: \_\_\_\_\_

Please mail/fax this form by March 25, 2016 to: California Rural Water Association, ATTN: Expo Awards Program, 4131 Northgate Blvd, Sacramento, CA 95834 • Phone: (916) 553-4900 Fax: (916) 553-4904

# BEST TASTING WATER



## DOES YOUR SYSTEM HAVE THE BEST TASTING WATER IN CALIFORNIA?



### Application Forms

Please send all application forms for the Best Tasting Water by April 22, 2016 to:

CRWA  
Attn: Resource Development  
4131 Northgate Blvd  
Sacramento, CA. 95834  
Fax: 916.553.4904  
e: info@calruralwater.org

Application forms are also available at [www.calruralwater.org/pl/expo](http://www.calruralwater.org/pl/expo)

### THEN SHOW US WHAT YOU'VE GOT AT THE 2016 EXPO!

#### CREDENTIALS

To enter your water into the "Best Tasting Water in California" contest, one-gallon sample in a sanitized, nonporous container to the Expo Registration Desk no later than 10:30am on Tuesday April 26, 2016. Make sure your system's name is clearly labeled on the container so we know what system is responsible for your best-tasting contender.

#### SELECTION PROCESS

A panel of judges will sample the entries for clarity, bouquet and taste. The final round of the taste test will take place at the 2016 Education Expo during the Water Taste Test Luncheon on Tuesday April 26, 2016, where the winner will be selected. The finalists and winners will be announced at the CRWA Awards Banquet the evening of Tuesday, April 26, 2016. The winning system's water will go on to represent California at the Great American Taste Test in Washington DC in February 2017.

Please fill out the section below and submit it to the CRWA Training Center by April 22, 2016 or bring it to the Expo along with your water sample. Please print clearly so we know whose name to shout out at the Awards Banquet!

### Water Tasting Application

System Name: \_\_\_\_\_

System Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

Tel: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Submitted by: \_\_\_\_\_

Please mail/fax this form by April 22, 2016 to: California Rural Water Association, ATTN: Resource Development, 4131 Northgate Blvd, Sacramento, CA 95834 • Phone: (916) 553-4900 Fax: (916) 553-4904

## ENTER YOUR WATER INTO THE CONTEST







**CRWA 2016 EDUCATION & EXHIBITOR EXPO**  
 April 25 - 28, 2016 • South Lake Tahoe

**Registration fee includes:**  
 Daily breakfast and lunch on all 3 days,  
 Annual Awards Banquet and Exhibitor  
 Showcase Reception. Meals will be provided  
 to you only on the days you are registered.

**2016 ATTENDEE REGISTRATION**

**Registration Fees - Includes Annual Awards Banquet!**

Individual registration:

- Member: \$425 per person       Non-member: \$525 per person  
 1 day only: \$300 Member/\$400 Non-member - Select Day:     Tues.     Wed.     Thurs.

Exhibit Hall and brewfest only: \$80

*Have a large group? If you have three or more attendees from your system, please call us to discuss a group rate.*

**Annual Awards Banquet** (This event is included in registration fees.)

You must check the box in order to receive banquet tickets.

**YES!** I would like to attend the Annual Awards Banquet, Tuesday, April 26 (Included In Registration Fees)

\$60 - Banquet Guest -- Guest Name: \_\_\_\_\_

Fees

Fees

**FREE**

**Workshops** (Please indicate which workshops you will be attending.)

Tuesday				Wednesday			Thursday			
<input type="checkbox"/> W1	<input type="checkbox"/> W6	<input type="checkbox"/> WW2	<input type="checkbox"/> M1	<input type="checkbox"/> W10	<input type="checkbox"/> W15	<input type="checkbox"/> W16	<input type="checkbox"/> W21	<input type="checkbox"/> R6		
<input type="checkbox"/> W2	<input type="checkbox"/> W7	<input type="checkbox"/> R1	<input type="checkbox"/> M2	<input type="checkbox"/> W11	<input type="checkbox"/> WW3	<input type="checkbox"/> W17	<input type="checkbox"/> W22	<input type="checkbox"/> R7		
<input type="checkbox"/> W3	<input type="checkbox"/> W8	<input type="checkbox"/> R2	<input type="checkbox"/> M3	<input type="checkbox"/> W12	<input type="checkbox"/> R5	<input type="checkbox"/> W18	<input type="checkbox"/> W23	<input type="checkbox"/> M6		
<input type="checkbox"/> W4	<input type="checkbox"/> W9	<input type="checkbox"/> R3	<input type="checkbox"/> M4	<input type="checkbox"/> W13	<input type="checkbox"/> M5	<input type="checkbox"/> W19	<input type="checkbox"/> WW4	<input type="checkbox"/> M7		
<input type="checkbox"/> W5	<input type="checkbox"/> WW1	<input type="checkbox"/> R4		<input type="checkbox"/> W14		<input type="checkbox"/> W20	<input type="checkbox"/> WW5			



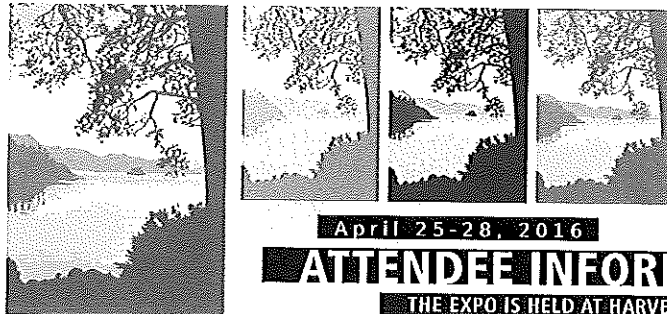
TOTAL AMOUNT ENCLOSED: \$

ATTENDEE INFORMATION		
Name:		
System:		
System Address:		
City:	State:	Zip:
Phone:	Fax:	
Email:		
The email address(es) above will receive all confirmation materials for the attendee(s) on this form.		
PAYMENT INFORMATION: PAYMENT MUST BE RECEIVED BEFORE REGISTRATION CAN BE PROCESSED.		
<input type="checkbox"/> Check (payable to CRWA) #:	<input type="checkbox"/> MasterCard/Visa/American Express/Other Credit Card	TOTAL - \$
Credit card number:	Expiration date:	
Name on card:	Authorized signature:	
Accommodations		
<input type="checkbox"/> Vegetarian	<input type="checkbox"/> Other:	



California Rural Water Association  
4131 Northgate Boulevard  
Sacramento, CA 95834

Pre-sort  
Standard  
U.S. Postage  
**PAID**  
Permit No. 2840  
Sacramento, CA



April 25-28, 2016

**ATTENDEE INFORMATION**  
THE EXPO IS HELD AT HARVEY'S LAKE TAHOE

**CABAZON WATER DISTRICT**

**AMENDED REIMBURSEMENT POLICY (2013)**

**I. PURPOSE**

The Purpose of this Reimbursement Policy ("Policy") is to reimburse members of the Cabazon Water District ("District") Board of Directors ("Board Members") for actual and necessary expenses incurred in the performance of their official duties. (See Water Code, section 30507.)

**II. STIPEND**

- A. Each Board Member shall receive a stipend of one hundred dollars (\$100.00) per day of service for attendance at a:
1. Meeting or committee meeting of the Board or a meeting of an advisory body to the Board ("Meeting"). The District will not reimburse any travel, lodging, or meal expenses incurred in connection with attending any Meetings.
  2. Hearing or meeting in Sacramento for District business as a representative of the Board.
  3. Meeting with representatives of other agencies and entities related to District business or to District adopted or authorized policy positions.
  4. Meeting of a multi-jurisdictional governmental body on which the Board Member serves as the District's designated representative.
  5. Conference and organized educational seminar designed to improve the Board Member's skill and information levels on topics related to District business, together with any expenses incurred in the performance of his or her duties required or authorized by the Board.
  6. The following pre-approved events: (1) Monthly Finance & Audit Committee meetings with the District's Accounts Payable Department; (2) Personnel Committee Meetings with the General Manager or Legal Department specifically to discuss and confer about potential litigation issues regarding personnel matters; (3) grievance hearings related to personnel matters; (4) Water task force committee meetings; (5) Ad hoc committee meetings; and (6) Biweekly District check signing; (7) ethics, sexual harassment or similar legally minded training programs.
- B. The Board may pre-approve a stipend of one hundred dollars (\$100.00) per day of service for attendance at other community events not listed in Section A above, representation of the District before public agencies when authorized by the Board prior to the occasion or an event in order to further the purposes of the District.
- C. Compensation for all other events will require Board Approval prior to the occasion or event.
- D. Each Board Member's compensation shall not exceed a total of six days of service in any calendar month.

### III. TRANSPORTATION

- A. Use of Personal Vehicle. The District shall reimburse Board Members for mileage incurred when they use their personal vehicles to attend conferences or other meetings in furtherance of the District's affairs. The District will reimburse mileage for travel to and from the destination based upon the approved Internal Revenue Service rate in effect. The District will not reimburse any travel, lodging, or meal expenses incurred in connection with attending any Meeting.
- B. Rentals. The District shall reimburse Board Members for actual and necessary vehicle rental expenses incurred in connection with Board Member attendance at approved out of town activities. The District shall only reimburse economy or compact rate vehicles unless (i) such class of vehicle is unavailable; or (ii) such class of vehicles do not accommodate a disability. When a Board Member rents a vehicle, he or she shall obtain insurance for the vehicle at the District's expense.
- C. Shuttle, Bus, Taxi, and Public Transportation. Shuttle, bus, taxi, and public transportation may be used between an airport, hotel and conference site whenever it is available. Board Members are encouraged to use the most efficient mode of transportation available.
- D. Air Travel or Other Common Carrier Transportation. As necessary for the performance of their official duties, Board Members may use air travel or other mode of common carrier transportation to and from the destination. Board Members are encouraged to use the most efficient means available.

### IV. LODGING

Lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available. If a group rate is not available, the government rate of the provider of lodging shall be used. If neither the group nor governments rates are available, the most economical rate shall be obtained.

### V. MEALS

The actual costs of meals incurred while attending conferences or other meetings in furtherance of the District's affairs are reimbursable provided District staff is given a receipt. If no receipt is available, meal costs shall be reimbursed at an amount not exceeding the greater of seventy-five dollars (\$75.00) per day or the applicable Internal Revenue Service per diem rate.

VI. PERSONAL EXPENSES AND OTHER EXPENSES NOT REIMBURSABLE

The District shall not reimburse the cost of transportation, lodging, meals, or other costs of travel when such costs are of a personal nature incurred in conjunction with the performance of District official duties. Personal costs, not reimbursable by the District, shall include, but not be limited, to the following: (i) alcoholic beverages; (ii) parking and traffic violations; (iii) entertainment; (iv) services provided by the provider of lodging; and (v) expenses incurred on behalf of a spouse, dependent, or traveling companion.

VII. CONFERENCES AND OTHER MEETINGS

Board Members shall only receive reimbursement of travel, lodging, and meals for conferences or other meetings in furtherance of the District's affairs. No other occurrence will be reimbursed.

VIII. EXPENSE REPORTS

The District shall not reimburse any expenses until an expense form is submitted to the District's administrative office no later than 45 days after the expenditure. Reimbursable expenses shall be limited to actual and necessary expenses incurred in attending conferences or other meetings in furtherance of the District's affairs. Expense forms shall be accompanied by receipts documenting each expense. If no receipt is available, a written explanation of the expenditure is required. Furthermore, Board members will be required to provide a brief report on the conference or meeting attended at the next regular meeting of the Board.

IX. EXPENSES NOT INCLUDED WITH LIST

Expenses which do not fall within this Policy or the Internal Revenue Service reimbursable rates must be approved by the Board of Directors in a public meeting before the expense is incurred.

X. CANCELLED TRAVEL

If expenses are prepaid by the District and are not used, the District shall require reimbursement unless the reason for not attending was due to personal illness or an event that impeded good faith efforts to attend. The Board of Directors will review all cancelled travel and determine whether reimbursement is due.

XI. MODIFICATIONS


The forgoing provisions may be reviewed and amended by the Board of Directors.

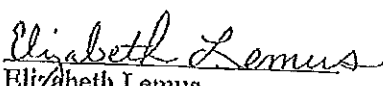
Approved on October 21, 2013 by Director Bittner, and 2<sup>nd</sup> by Director Magness.

Ayes: Directors: Cash, Mariner, Affea, Bittner, Magness

Noes: None

Abstains: None

  
RD Cash  
Board President  
Cabazon Water District

  
Elizabeth Lemus  
Secretary to the Board of Directors  
Cabazon Water District



Cabazon Water District  
14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

**REGULAR BOARD MEETING**

**MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
September 21, 2015 – 6:00 PM

**CALL TO ORDER**

By Chairperson Janet Mejia at 1803 hr.

**PLEDGE OF ALLEGIANCE**

**REMEMBRANCE OF OUR SERVICE MEN AND WOMEN**

**ROLL CALL**

Director Joseph Toblas - Present  
Director Teresa Bui - Present  
Director Kerri Mariner - Present  
Board vice Chair Martin Sanderson - Present  
Board Chair Janet Mejia - Present

Calvin Louie, General Manager - Present  
Elizabeth C. Lemus, Board Secretary - Absent  
Steve Anderson, Best Best & Krieger Law Firm - Present

Note: This meeting was recorded by the District – 1803 hr.

**CONSENT CALENDAR**

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

**1. Approval of:**

- a. Finance and Audit Committee Meeting Minutes and warrants approved by the committee of July 20, 2015, regarding June 2015 Financials
- b. Regular Board Meeting Minutes and warrants of July 20, 2015

Director Bui motioned to approve the FAC and regular meeting minutes separately and it was second by Director Tobias. Director Bui stated she wanted it to be added in the Minutes of the August 17, 2015 regular Board meeting that Ernie Saldana provide handouts to the Board and public.

Motion to approve the minutes of the FAC meeting of August 17, 2015 made by Director Bui and 2nd by Director Mariner.

Director Tobias - Aye  
Director Bui - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejia - Aye

Motion to approve the minutes of the regular Board meeting of August 17, 2015 made by Director Bui and 2nd by Director Tobias.

Director Tobias - Aye  
Director Bui - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejia - Aye

2. Warrants - None
3. Awards of Contracts - None

**UPDATES**

Update: San Geronio Pass Water Tack Force Update  
(by Director Kerri Mariner)

Director Mariner briefed the Board and public of the San Geronio Pass Regional Water Alliance activities. During the discussion Director Tobias motioned for the Board to develop a water conservation program for the Community. It was second by Director Sanderson.





Director Tobias – Abstain  
Director Bui - Nay  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejia - Aye

2. Discussion/Action: Funding & Volunteering for Cabazon Christmas (by Cabazon Neighborhood Association)

**TABLED**

3. Discussion/Action: Water Rights in Jensen Canyon (by Director Sanderson and Director Mariner)

Motion to instruct the General Manager to research & develop a proposal to deliver non-potable water from Jensen Canyon made by Director Sanderson and 2nd by Director Mariner.

Director Tobias – Aye  
Director Bui - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejia - Aye

4. Discussion/Action: Government Codes and/or Rules on how a Board is to be run and Conduct of members of the Board, management, and staff. (By Director Tobias and Director Bui)

Director Tobias provided a hand out title "Governance rules outlining board/staff relationships. After brief discussion it was the consensus of the Board to have the Legal Department incorporate Director Tobias's outline to the Board's Civility Code.

5. Discussion/Action: Water District "By-laws" Review or Establish (by Director Bui and Director Tobias)

Director Bui stated the above covered her topic.

#### OLD BUSINESS

1. Discussion/Action: Work Order Procedures (by General Manager Louie)

Motion to continue with the current procedure using the FAC to approve all repairs and maintenance \$1,500.00 or more, exceptions are Emergencies and estimates under \$1,500.00, and must be aigenized within twenty-four (24) hours prior to the meeting date made by Director Sanderson and 2nd by Director Mariner.

Director Tobias – Aye  
Director Bui - Aye  
Director Mariner - Aye  
Director Sanderson - Aye

Director Mejia - Aye

2. Discussion/Action: Outsourcing or In-house for Landscaping and Weed Abatement  
(By General Manager Louie)

GM Louie stated the District is unable to afford landscaping and weed abatement. He will utilize the monthly budget of \$12,500.00 and in-house personnel.

Director Bui said she was desirous of volunteering her and her family one time to trim trees and weed abatement for the center median on Main Street. Mr. Anderson informed Director Bui there may be a conflict of a Director volunteering and the District having volunteers (juveniles or adult). Mr. Anderson will check with his law firm's labor attorney, Mr. Ortiz.

3. Discussion/Action: Billboard or large sign to notify the public of Board meetings. (by  
General Manager Louie)

GM Louie reported he had found the same make and model at a lower price. He's awaiting an answer from the vendor to confirm this.

4. Discussion/Action: Tour of Water Facilities for Water Board Candidates and the Public  
(By Director Mariner)

It was consensus of the Board, including the following Water Board Candidates that was present; Alan Davis, Maxine Israel, Robert Lynk, Diana Morris, and Sarah Wargo all agreed to Wednesday, September 30, 2015, at 1:30 PM. The Board instructed GM Louie to contact the other two candidates (Irma Jorquera and Julie Rossiter) who were not present at the meeting.

5. Discussion/Action: A verbal complaint alleging spending public  
funds for employee morale. (by General Manager Louie & Steve  
Anderson, BB&K)

Mr. Anderson explained to the Board that making purchasing meals to boost staff morale with public funds within reasons is acceptable. Unless the Board want to set policy to not allow public funds to be pay for occasion meals or other items to boost Staff morale, it's at the discretion of Management.

No motion was made by the Board.

6. Discussion/Action: Allegations of Janet Mejia's water service serves an unpermitted  
Building or structure. (by General Manager Louie & Steve  
Anderson, BB&K)

Director Mejia recused herself from the dais and sat in the audience. Mr. Anderson stated he reviewed the complaint and the ordinances of the Cabazon Water District (the District). He was unable to find any District ordinance(s) prohibiting the District from serving water to a parcel with or without unpermitted structure(s). Mr. Anderson suggested to Mr. Saldana he should call the County of Riverside Code Enforcement.

7. Discussion: On-call Emergency Repair and Water Pipeline Crew proposed Renewal contract. (By General Manager Louie & Steve Anderson, BB&K)
- Board shall select two (2) Directors for an Ad hoc committee to review the draft and make a recommendation to the Board during the October 19, 2015 Board meeting.

Motion to appointed Director Mariner and Director Tobias to participate in the Ad hoc Committee to meet with the General Manager Louie and Steve Anderson from BB&K on September 30, 2015, at 8:30 AM, District's administration facility located at 14618 Broadway Street, Cabazon, California. Made by Director Sanderson and 2nd by Director Mariner.

Director Tobias - Aye  
Director Bui - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejia - Aye

#### PUBLIC COMMENTS REGARDING CLOSED SESSION

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District that is listed on the agenda for Closed Session; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3 (d))

#### CLOSED SESSION

1. Public Employee Performance Evaluation Pursuant to Government Code Section 54957  
Title: General Manager

#### OPEN SESSION

Report to Public of Action Taken, if any

TABLED

#### BOARD/GENERAL MANAGER COMMENTS

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.

Director Tobias supported Mr. Saldana's allegation of the District paying mileage to Director Mariner for transporting staff to Redlands Toyota to service the two (2) Tundra. It was supported by Director Mariner.

- Suggested agenda items from Management.
- Suggested agenda items from Board Members.

Director Bui suggested the GM's visit to 49317 Dale Court, Cabazon, California be added to the October 19, 2015 regular meeting. It was supported by Director Tobias.

Director Mariner suggested the GM should call a different Director each week for a brief summary of water district activities. Mr. Anderson warned this could be construed as networking by the GM if he is not careful in discussing the same topics with three (3) or more Directors.

## 2. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

General Manager Louie took this opportunity to respond to Mr. Saldana's allegations, including of never receiving answers to Director Bui's concerns regarding the Doolittle contract. The GM passing out again, to the Board and public a memorandum dated August 13, 2015 addressing the old Doolittle contract.

## 3. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

## MISCELLANEOUS

### 1. Future Board Items/Next Board Meeting Date(s)

- a. Finance & Audit Workshop – October 19, 2015, 3:45 pm
- b. Regular Board Meeting – October 19, 2015, 6:00 pm
- c. Personnel Committee – None
- d. San Geronimo Pass Regional Water Alliance – Technical Committee – Banning City Hall  
September 23, 2015 – 4:30 PM
- e. San Geronimo Pass Regional Water Alliance – General Meeting – Banning City Hall –  
September 23, 2015 – 6:00 PM

**ADJOURNMENT**



\_\_\_\_\_  
Janet Mejia, Board Chair  
Board of Directors  
Cabazon Water District



\_\_\_\_\_  
Calvin Louie, Interim Secretary  
Board of Directors  
Cabazon Water District

**ADA Compliance Issues**

*In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide access.*



Cabazon Water District  
14-618 Broadway Street • P.O. Box 297  
Cabazon, California 92230

**REGULAR BOARD MEETING**

**MINUTES**

**Meeting Location:**  
Cabazon Water District Office  
14-618 Broadway Street  
Cabazon, California 92230

**Meeting Date:**  
October 19, 2015 – 6:00 PM

**CALL TO ORDER**

By Chairperson Janet Mejia at 1803 hr.

**PLEDGE OF ALLEGIANCE**

**REMEMBRANCE OF OUR SERVICE MEN AND WOMEN**

**ROLL CALL**

Director Joseph Tobias - Absent  
Director Teresa Bui - Present  
Director Kerri Mariner - Present  
Board vice Chair Martin Sanderson - Present  
Board Chair Janet Mejia - Present

Calvin Louie, General Manager - Present  
Elizabeth C. Lemus, Board Secretary - Absent  
Steve Anderson, Best Best & Krieger Law Firm - Present

Note: This meeting was recorded by the District – 1803 hr.

**CONSENT CALENDAR**

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There

will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. Approval of:
  - a. Finance and Audit Committee Meeting Minutes and warrants approved by the committee of September 15, 2015, regarding August 2015 Financials
  - b. Regular Board Meeting Minutes and warrants of September 15, 2015
2. Warrants – None
3. Awards of Contracts – None

Motion to approve Consent Calendar Item #1: September 15, 2015 FAC Meeting minutes and September 15, 2015 Regular Board meeting minutes made by Director Bui and 2nd by Director Mariner.

Director Tobias - Absent  
Director Bui - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejia - Aye

#### UPDATES

Update: San Gorgonio Pass Water Taskforce Update  
(by Director Kerri Mariner)

- Updates

Update: Manager's Operations Report  
(by General Manager Louie)

- Tour of Water Facilities for Water Board Candidates and the Public

#### NEW BUSINESS

1. Discussion/Action: Kids Cure Foundation – Funding & Volunteering for Cabazon Christmas (by Shannon Smith, Executive Director)

After explaining what her organization does, Executive Director Shannon Smith presented a flyer, IRS 501 (c) (3) letter deeming her foundation was a non-profit status, and requested a \$5,000.00 donation for their Christmas event, "Operation Santa" in Cabazon.



Motion to table the matter and have the Finance & Audit Committee look into the District's financial health to provide the information during the November 16, 2015 meeting for the Board to make a decision made by Director Sanderson and 2nd by Director Mariner.

Director Tobias - Absent  
Director Bul - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejla - Aye

2. Discussion/Action: "Trunk or Treat" Funding and Volunteers (by Cabazon Neighborhood Association)
- Scheduled for Friday, October 30, 2015 from 5:00 – 7:00 PM in the Cabazon Library parking lot.

Motion to authorize General Manager to represent the District, with a District service truck, and purchase a \$100 in candy to give away made by Director Sanderson and 2nd by Director Bul.

Director Tobias - Absent  
Director Bul - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejla - Aye

3. Discussion/Action: RESOLUTION 02-2015: Approval for Prop 1 Funding for Grant (Application Process) and Notice of Exemption for CEQA (by General Manager Loule and Mr. Anderson, BB&K)

Motion to approve Resolution 02-2015 made by Director Mariner and 2nd by Director Sanderson.

Director Tobias - Absent  
Director Bul - Aye  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejla - Aye

4. Discussion/Action: Water Conservation Programs (by Director Mariner and Director Tobias)
- Board, Management, and the Public to make water conservation suggestions. This information will be published through the District's website, mailers, and shared with the San Geronimo Regional Water Alliance (Water Task Force).

5. Discussion/Action: Renewal of the current contractors 6-month contract – to complete the current 15-16 Fiscal Year.

- Comments and recommendation to the Board from the members of the Ad hoc Committee.

Director Mariner informed the Board the Ad hoc committee wanted language in the contract for a ninety (90) day notice should the contractor terminate the contract. Director Mariner said it was a benefit to the community to have ninety (90) days to find another contractor.

GM Louie some language was placed into the contracts should either party terminate the contract, the contractor would be reimbursed for the cost of the bond he was required to have purchased.

Mr. Anderson explained the mechanics of both contracts to the Board.

Motion to approve the two (2) contracts subject to the General Manager and legal counsel work out a few minor changes made by Director Sanderson and 2nd by Director Mariner.

Director Tobias - Absent  
Director Bul - No  
Director Mariner - Aye  
Director Sanderson - Aye  
Director Mejla – Aye

6. Discussion/Action: General Manager to call a different Director each week and provide him or her a summary of District activities. (by Director Mariner and Director Tobias)

No Action Taken by Board

7. Discussion/Action: District paying mileage to Director Mariner for transporting staff to Redlands Toyota to service the two (2) Tundra. (by Director Tobias and Director Mariner)

No Action Taken by Board

#### OLD BUSINESS

1. Discussion/Action: Approval of the revised Civility Policy (by Director Tobias and Director Bul)

Tabled by Board

2. Discussion/Action: GM's visit to 49317 Dale Court, Cabazon (by Director Bul and Director Tobias)

No Action Taken by Board

**PUBLIC COMMENTS REGARDING CLOSED SESSION**

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District that is listed on the agenda for Closed Session; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

**CLOSED SESSION**      1952 hr.

**CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Property: 50100 Main Street, Cabazon, CA 92230

Agency Negotiator: Calvin Louie, General Manager

Negotiating Parties (Cabazon Water District, Lucent Real Estate, Inc., and Hadley's)

Under Negotiation: (Price and Terms of Payment)

**OPEN SESSION**      2012 hr

Report to public of action taken, if any.

No action taken.

**PUBLIC COMMENTS**

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District that is not listed on the agenda; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

**BOARD/GENERAL MANAGER COMMENTS**

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.
- Suggested agenda items from Management.
- Suggested agenda items from Board Members.

2. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

3. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

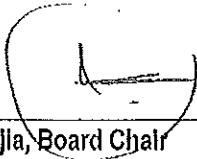
MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)

- a. Finance & Audit Workshop – November 16, 2015, 3:45 pm
- b. Regular Board Meeting – November 16, 2015, 6:00 pm
- c. Personnel Committee – None
- d. San Geronimo Water Task Force – Technical Committee – Banning City Hall  
October 28, 2015 – 4:30 PM
- e. San Geronimo Water Task Force – General Meeting – Banning City Hall – October 28,  
2015 – 6:00 PM

ADJOURNMENT

Meeting was adjourned at 2028 hr. (by Board consensus)



Janet Mejia, Board Chair  
Board of Directors  
Cabazon Water District



Calvin Louie, Interim Secretary  
Board of Directors  
Cabazon Water District

ADA Compliance Issues

*In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide access.*