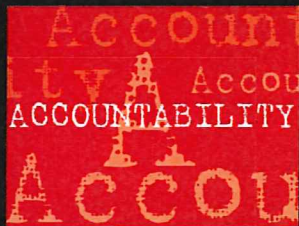
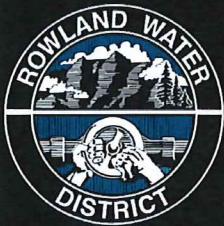


ROWLAND WATER DISTRICT

3021 South Fullerton Road
Rowland Heights, CA 91748
(562) 697-1726

RWD BOARD VISION



Our Mission:

"Bound by our core values -- Accountability, Communication and Teamwork -- we are committed to providing the highest level of service to our customers --

DEDICATED-RELIABLE-OUTSTANDING-PROFESSIONAL SERVICE"

**Board of Directors Regular Meeting
December 13, 2016
6:00 p.m.**



AGENDA
Regular Meeting of the Board of Directors
December 13, 2016
6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

Szu Pei Lu-Yang, President
Robert W. Lewis, Vice President
Anthony J. Lima
John Bellah
Teresa P. Rios

ADDITION(S) TO THE AGENDA

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Rose Perea, Secretary to the Board at (562) 697-1726, or writing to Rowland Water District, at 3021 Fullerton Road, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included, so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.

Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office, located at 3021 Fullerton Road, Rowland Heights, CA 91748.

Tab 1 CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion, unless separate discussion is requested.

- 1.1 Approval of the Minutes of Regular Board Meeting held on November 8, 2016**
Recommendation: The Board of Directors approve the Minutes as presented.
- 1.2 Approval of the Minutes of Regular Board Meeting held on November 29, 2016**
Recommendation: The Board of Directors approve the Minutes as presented.
- 1.3 Demands on General Fund Account for October 2016**
Recommendation: The Board of Directors approve the demands on the general fund account as presented.
- 1.4 Investment Report for October 2016**
Recommendation: The Board of Directors approve the Investment Report as presented.
- 1.5 Water Purchases for October 2016**
For information purposes only.

Next Regular Board Meeting: January 10, 2017, 6:00 p.m.
Next Special Board Meeting: January 24, 2017, 5:00 p.m.

Tab 2 ACTION ITEMS

This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action.

- 2.1 Review and Approve Directors' Meeting Reimbursements for November 2016**
Recommendation: The Board of Directors approve the Meeting Reimbursements as presented.
- 2.2 Approve Executive Officer Positions of the Board of Directors for 2017**
Intentionally left blank. No recommendation provided.
- 2.3 Review and Approve Board of Directors Committee Assignments for 2017**
No recommendation provided.
- 2.4 Approve/Confirm Appointment of Directors to Serve on the Puente Basin Water Agency**
Intentionally Left Blank
Recommendation: The Board of Directors approve/confirm the appointments.

- 2.5 Review and Approve Resolution 12-2016 of the Board of Directors Appointing Representatives to the Puente Basin Water Agency**
Recommendation: The Board of Directors approve Resolution 12-2016 as presented.
- 2.6 Approve/Confirm Appointment of Director to Serve on the Pomona-Walnut-Rowland Joint Water Line Commission**
Intentionally Left Blank
Recommendation: The Board of Directors approve/confirm the appointment.
- 2.7 Review and Approve Resolution 12.1-2016 Establishing the Rowland Water District Investment Policy**
Recommendation: The Board of Directors approve Resolution No. 12.1-2016 as presented.
- 2.8 Review and Approve Resolution No. 12.2-2016 Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager/Treasurer**
Recommendation: The Board of Directors approve Resolution No. 12.2-2016 as presented.
- 2.9 Receive and File Rowland Water District's Quarterly Investment Report as of September 30, 2016**
No recommendation provided.
- 2.10 Receive and File Rowland Water District's Statement of Operations For Period Ending September 30, 2016**
No recommendation provided.
- 2.11 Approve Financial Audit Report for Fiscal Year 2015-2016 Prepared by White Nelson Diehl Evans LLP**
Recommendation: The Board of Directors approve the Financial Audit report as presented.
- 2.12 Receive and File PWR Joint Water Line Commission Audit Report for Fiscal Year 2015-2016 Prepared by White Nelson Diehl Evans LLP**
No recommendation provided.
- 2.13 Discuss Senate Bill 415 in Connection with the Consolidation of Board Elections Pursuant to Elections Code 10404**
No recommendation provided.
- 2.14 Approve/Decline Claim for Damages Submitted by In-N-Out Burger In the amount of \$5,796.39**
Recommendation: The Board of Directors Decline the claim submitted by In-N-Out Burger

- 2.15 Review and Approve Addition of New Position: “Cross-Connection Control Specialist”**
Recommendation: The Board of Directors Approve the Addition of this Position
- 2.16 Public Relations (Rose Perea)**
- **Communications Outreach (CV Strategies)**
 - **Education Update**
- For information purposes only.*
- 2.17 Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**
- Urban Water Institute Spring Water Conference, February 8-10, 2017, Hilton Palm Springs Hotel, Palm Springs, CA

Tab 3 LEGISLATIVE INFORMATION

- 3.1 Updates on Legislative Issues**
Intentionally left blank.

Tab 4 REVIEW OF CORRESPONDENCE
Intentionally left blank.

Tab 5 COMMITTEE REPORTS

- 5.1 Three Valleys Municipal Water District (Directors Lu-Yang/Lima)**
- Agenda Regular Board Meeting held November 16, 2016
 - Action Line Regular Board Meeting held November 16, 2016

There are no tabs for the remainder of the meeting.

- 5.2 Joint Powers Insurance Authority (Director Lewis/Mr. Coleman)**
- 5.3 Association of California Water Agencies (Directors Lewis/Bellah)**
- 5.4 Puente Basin Water Agency (Directors Lima/Lewis)**
- 5.5 Project Ad-Hoc Committee (Directors Lima/Lu-Yang)**
- 5.6 Regional Chamber of Commerce-Government Affairs Committee (Directors Lewis/Bellah)**
- 5.7 PWR Joint Water Line Commission (Directors Lima/Rios)**
- 5.8 Sheriff's Community Advisory Council (Directors Lu-Yang/Rios)**

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1 Finance Report (Mr. Henry)

6.2 Operations Report (Mr. Warren)

6.3 Personnel Report (Mr. Coleman)

Tab 7 ATTORNEY'S REPORT (Mr. Joseph Byrne)

Directors' and General Manager's Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT

President SZU PEI LU-YANG, Presiding

Tab

1.1



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
November 8, 2016 - 6:00 p.m.
Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President Robert W. Lewis
Director Anthony J. Lima
Director John Bellah
Director Teresa P. Rios

ABSENT:

None.

OTHERS PRESENT:

Ruben Duran, Legal Counsel, Best Best & Krieger
Erin LaCombe Gilhuly, CV Strategies
Joe Ruzicka, Three Valleys Municipal Water District
Dan Horan, Three Valleys Municipal Water District
Kirk Howie, Three Valleys Municipal Water District
Teri Malkin, Resident
Robert Callanan, White Nelson Diehl Evans LLP

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Rose Perea, Director of Administrative Services
Dave Warren, Director of Operations
Sean Henry, Finance Officer

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEMS

None.

Tab 1 - CONSENT CALENDAR

General Manager, Tom Coleman, requested that the next Special Board meeting to be held on November 29, 2016, at 6:00 p.m. be added to the Consent Calendar and Director Lewis requested that the October 11, 2016 Minutes reflect that Director Lewis and Director Rios were excused from the October 11, 2016 meeting due to their attendance at the CSDA Conference which was held October 11-13, 2016. Upon motion by Director Lima, seconded by Director Lewis, the Consent Calendar was approved as amended.

Ayes: Directors Lu-Yang, Lewis, Lima, Bellah and Rios
Noes: None
Abstain: None
Absent: None

The approval of the Consent Calendar included:

1.1

Approval of the Minutes of Regular Board Meeting Held on October 11, 2016

1.2

Approval of the Minutes of Special Board Meeting Held on October 25, 2016

1.3

Demands on General Fund Account for September 2016

1.4

Investment Report for September 2016

1.5

Water Purchases for September 2016

Next Special Board Meeting	November 29, 2016, 6:00 p.m.
Next Regular Board Meeting	December 13, 2016, 6:00 p.m.

Tab 2 - ACTION ITEMS

2.1

Approve Directors' Meeting Reimbursements for October 2016

Upon motion by Director Lima, seconded by Director Rios, the Directors' Meeting Reimbursement Report was unanimously approved.

Ayes: Directors Lu-Yang, Lewis, Lima, Bellah and Rios
Noes: None
Abstain: None
Absent: None

2.2

Review and Approve "Draft" Financial Audit Report for Fiscal Year 2015-2016 Prepared by White Nelson Diehl Evans LLP

Robert Callanan, representing the firm of White Nelson Diehl Evans LLP reviewed the documents contained in the "Draft" Financial Audit Report and answered questions posed by the Directors. He noted that no difficulties were encountered in completing the audit. Management provided a representative letter to the auditors. No significant transactions unusual in nature

were observed. Finance Officer, Sean Henry, highlighted areas of the Audit Report for review and discussion with the Board.

General Manager, Tom Coleman, indicated that the draft report was presented for information and discussion only. The final document will be presented at the December 13, 2016, Board meeting for approval.

2.3

Approve/Decline Claim for Damages Submitted by Schneider & Associates Claim Service on Behalf of Long's Directional Boring, Inc.

After discussion and a description of the claim filed against the District by Schneider & Associates on behalf of Long's Directional Boring, Inc., it was staff's recommendation that the Board deny the claim. A motion was made by Director Lewis, seconded by Director Lima, and unanimously carried, to deny the claim for damages filed by Schneider & Associates. Staff was instructed to forward the appropriate Notice of Rejection of Claim to Schneider & Associates and to provide a copy of the Notice to the District insurance carrier, ACWA/JPIA. The motion was unanimously approved.

Ayes: Directors Lu-Yang, Bellah, Lima, Lewis and Rios
Noes: None
Abstain: None
Absent: None

2.4

Public Relations

Mrs. Perea reported that the District's Landscape Class scheduled for November 9, 2016 was cancelled due to lack of participation. The MWD invitations for the Student Artist recognition luncheon scheduled for December 8, 2016, 10:00 a.m. to 1:00 p.m., had been received and sent out to District winners from Blandford Elementary and Jellick Elementary. The Solar Cup boat building was held at Three Valleys MWD on November 5 and 6, 2016. Mr. Schlarman from Santana High School attended with his students to commence the boat building. The National Theatre for Children had two presentations at Wedgeworth Elementary on October 28, 2016, approximately 409 students were in attendance. The next scheduled presentations will be on November 16, 2016 at Rorimer Elementary. The deadline for the WEWAC EduBucks program was Friday, November 4, 2016. The District has two entries for consideration by the committee. The WEWAC Broadcast Media Contest and Water Scholar Program Scholarship applications were mailed out. The Water Scholar application due date is January 26, 2017 and the Media Contest application due date is March 19, 2017.

Communications Outreach (CV Strategies)

Erin La Combe Gilhuly advised that they are in the process of completing the Proposition 218 Notice in connection with the increase in District water rates and fees. She is also working with Brittne on the preparation of press releases in connection with OPARC and Solar Cup. CV Strategies is also creating a video on the history of the District and recently interviewed John Rowland, V, former President of the Board. Mr. Rowland was on the District Board of Directors for 42 years and very much involved with the community and the growth of the District.

Education Update

For information only. No comments.

2.5

Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)

- **2016 ACWA Fall Conference, November 29, 2016 – December 2, 2016, Anaheim Marriott Hotel, Anaheim, CA**

Staff was asked to make a reservation for Director Lewis' attendance at the conference.

Tab 3 LEGISLATIVE INFORMATION

3.1

Updates on Legislative Issues

General Manager, Tom Coleman, discussed Senate Bill 415 in connection with the consolidation of Board elections, pursuant to Elections Code 10404. He noted that LA County is approaching consolidations on a case-by-case basis. In accordance with the Elections Code, a request for consolidation must be submitted to the County 240 days before the next scheduled election. If the District wishes to consolidate its 2017 election to 2018, a request letter and Resolution for consolidation must be received by the County no later than March 12, 2017. Once the Resolution is received it takes 45 days to get the matter on the Board of Supervisors' Agenda for approval.

Tab 4

REVIEW OF CORRESPONDENCE

None.

Tab 5

COMMITTEE REPORTS

5.1

Three Valleys Municipal Water District

Directors Lu-Yang and Lima reported on their attendance at the October 19 and November 2, 2016 meetings and advised that at the October 19 meeting approval of Three Valleys' Well No. 3 was deferred to a later date and staff advised that water sales production has increased. OPEB and Pension Funding were discussed at the November 2, 2016. The next scheduled meeting is set for December 7, 2016, the December 21, 2016 meeting has been cancelled.

5.2

Joint Powers Insurance Authority

Director Lewis advised that the ACWA/JPIA Benefits Committee meeting will be held on November 28, 2016 at the ACWA Fall Conference.

5.3

Association of California Water Agencies

Nothing to report.

5.4

Puente Basin Water Agency

Director Lima reported that the next Puente Basin Water Agency meetings will be held on November 10, 2016, 7:00 a.m. at Rowland Water District.

5.5

Project Ad-Hoc Committee

Nothing to report.

5.6

Regional Chamber of Commerce

Director Lewis reported that at the October 10, 2016 meeting a presentation was made on the Homeless Program in San Gabriel Valley.

5.7

PWR Joint Water Line Commission

Director Lima reported on the meeting held on October 20, 2016 and advised that a financial report was provided and that the Commission approved the final Audit Report for Fiscal Year 2015-2016 prepared by White Nelson Diehl Evans, LLP.

5.8

Sheriff's Community Advisory Council

Nothing to report.

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1

Finance Report

Sean Henry, Finance Officer, shared a promotional video created by Caselle, the District's Billing Service provider, which featured the Rowland Water District.

6.2

Operations Report

Nothing to report.

6.3

Personnel Report

Mr. Coleman advised the Board that new hire, Monica Ulloa, Sr. Customer Service Representative, will begin her employment with the District on November 16, 2016.

Tab 7 ATTORNEY'S REPORT.

Nothing to report.

Directors' and General Manager's Comments

Director Lewis provided the Board with a Summary Report of the CSDA Annual Conference held on October 11-13, 2016. Director Rios thanked the District for giving her the opportunity to attend the Conference which she found very valuable and informative.

Future Agenda Items

- Discuss Senate Bill 415 in connection with the consolidation of Board elections.

Late Business

None.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:20 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
TOM COLEMAN
Board Secretary

Tab

1.2



Minutes of the Special Meeting of
the Board of Directors of the Rowland Water District

November 29, 2016 – 6:00 p.m.
Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President Robert W. Lewis
Director Anthony J. Lima
Director John Bellah
Director Teresa P. Rios

ABSENT:

None.

OTHERS PRESENT:

Dr. Rita Giacalone, Dew Point Consulting

ROWLAND WATER DISTRICT STAFF:

Tom Coleman, General Manager

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEMS

COMMENTS:

None.

Tab 1 ACTION ITEMS

1.1 CLOSED SESSION

President Lu-Yang adjourned the meeting to closed session at 6:15 p.m. and announced that the purpose of the closed session, and the provision of the Brown Act authorizing the closed session were listed in the agenda.

- a. Public Employee Performance Evaluation Pursuant to Government Code Section 54957.** Performance Review for General Manager.

The closed session was adjourned and the Board resumed the meeting in open session at 8:25 p.m. President Lu-Yang reported in open session that no reportable action was taken.

Directors' and General Manager's Comments

Future Agenda Items

None.

Late Business

None

Next Regular Board Meeting

December 13, 2016, 6:00 p.m.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned at 8:36 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
TOM COLEMAN
Board Secretary

Tab

1.3

Report Criteria:
Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
21934						
10/16	10/06/2016	21934	62597	BEST BEST & KRIEGER	LEGAL FEES-GENERAL COUNSEL	5,596.04
10/16	10/06/2016	21934	62597	BEST BEST & KRIEGER	LEGAL FEES-LABOR AND EMPLOYMENT	84.24
10/16	10/06/2016	21934	62597	BEST BEST & KRIEGER	LEGAL FEES-WATER RATES	2,315.70
Total 21934:						7,995.98
21935						
10/16	10/06/2016	21935	62143	CHRISTOPHER M REYNOSO	TOTAL EXPENSES-TRI STATE CONFERENCE	32.46
Total 21935:						32.46
21936						
10/16	10/06/2016	21936	62439	CVSTRATEGIES	COMMUNICATION SERVICES	4,721.19
Total 21936:						4,721.19
21937						
10/16	10/06/2016	21937	32	DAVE MILLER	MILEAGE REIMBURSEMENT	82.08
Total 21937:						82.08
21938						
10/16	10/06/2016	21938	16	DAVE WARREN	TOTAL EXPENSES-GAS	159.45
10/16	10/06/2016	21938	16	DAVE WARREN	TOTAL EXPENSES-CUEMA CONFERENCE	54.00
Total 21938:						213.45
21939						
10/16	10/06/2016	21939	33	DUSTIN T MOISIO	TOTAL EXPENSES-TRI STATE CONFERENCE	42.34
Total 21939:						42.34
21940						
10/16	10/06/2016	21940	62445	EXCEL DOOR & GATE COMPANY	SERVICE ON MAIN ENTRANCE GATE	788.25
Total 21940:						788.25
21941						
10/16	10/06/2016	21941	62302	GEXPRO	SECONDARY LICENSE FOR REDUNDANCY	12,667.21
Total 21941:						12,667.21
21942						
10/16	10/06/2016	21942	385	GRIFFITH AIR TOOLS INC	EQUIPMENT REPAIR-WACKER RAMMER	386.97
Total 21942:						386.97
21943						
10/16	10/06/2016	21943	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	445.78
Total 21943:						445.78

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
21944						
10/16	10/06/2016	21944	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	361.34
10/16	10/06/2016	21944	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	32.27
10/16	10/06/2016	21944	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	224.81
10/16	10/06/2016	21944	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	29.69
Total 21944:						648.11
21945						
10/16	10/06/2016	21945	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,253.50
Total 21945:						1,253.50
21946						
10/16	10/06/2016	21946	27	JOHN JACOBSEN	TOTAL EXPENSES-BOOTS	196.20
Total 21946:						196.20
21947						
10/16	10/06/2016	21947	28	MARCOS ASPEITIA IV	MILEAGE REIMBURSEMENT	33.48
Total 21947:						33.48
21948						
10/16	10/06/2016	21948	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	313.22
Total 21948:						313.22
21949						
10/16	10/06/2016	21949	62448	PARS	GASBY 45 MANAGEMENT FEE	501.83
Total 21949:						501.83
21950						
10/16	10/06/2016	21950	62630	PEP BOYS	AUTO SUPPLIES	34.59
10/16	10/06/2016	21950	62630	PEP BOYS	CREDIT MEMO	15.00-
Total 21950:						19.59
21951						
10/16	10/06/2016	21951	62562	RMC WATER AND ENVIRONMENT	RECYCLED WATER ON CALL SERVICE	2,134.25
10/16	10/06/2016	21951	62562	RMC WATER AND ENVIRONMENT	POTABLE WATER ON CALL SERVICES	2,284.75
10/16	10/06/2016	21951	62562	RMC WATER AND ENVIRONMENT	PHASE 3 CONSTRUCTION-FULLERTON RD	2,800.25
10/16	10/06/2016	21951	62562	RMC WATER AND ENVIRONMENT	TOMICH BOOSTER PUMP STATION UPGRADES	1,864.25
Total 21951:						9,083.50
21952						
10/16	10/06/2016	21952	62062	ROBERT LEAMY	TOTAL EXPENSES-WIMS CONFERENCE	166.42
10/16	10/06/2016	21952	62062	ROBERT LEAMY	TOTAL EXPENSES-TRI STATE CONFERENCE	19.61
Total 21952:						186.03
21953						
10/16	10/06/2016	21953	62460	RYAN WHITE	MILEAGE REIMBURSEMENT	13.50
10/16	10/06/2016	21953	62460	RYAN WHITE	TOTAL EXPENSES-WIMS CONFERENCE	20.45

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 21953:						33.95
21954						
10/16	10/06/2016	21954	62502	S & J SUPPLY COMPANY, INC	CLOW 850 FIRE HYD DC 8H PENT 1-1/8" SCHOOL	2,544.00
10/16	10/06/2016	21954	62502	S & J SUPPLY COMPANY, INC	CLOW 865 FIRE HYD DC 8H PENT 1-1/8" SCHOOL	4,466.71
10/16	10/06/2016	21954	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR SERVICES	474.39
10/16	10/06/2016	21954	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR HYDRANTS	1,279.45
Total 21954:						8,764.55
21955						
10/16	10/06/2016	21955	5750	SHERWIN WILLIAMS	PAINT-FOR HYDRANTS	118.37
Total 21955:						118.37
21956						
10/16	10/06/2016	21956	62521	TRIPEPI SMITH & ASSOCIATES	MONTHLY WEBSITE MAINTENANCE	300.00
Total 21956:						300.00
21959						
10/16	10/10/2016	21959	62661	ABC BEE CONTROL	STINGING INSECT TREATMENT	150.00
Total 21959:						150.00
21960						
10/16	10/10/2016	21960	1050	ACWA JOINT POWERS INSURANCE A	LIABILITY INSURANCE TO 10-01-17	59,115.00
Total 21960:						59,115.00
21961						
10/16	10/10/2016	21961	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	31,158.02
10/16	10/10/2016	21961	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	465.96
10/16	10/10/2016	21961	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	51.70
10/16	10/10/2016	21961	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	2,811.86
10/16	10/10/2016	21961	1000	ACWA JPIA	RETIREEES HEALTH BENEFITS	11,331.91
10/16	10/10/2016	21961	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	7,402.61
Total 21961:						53,222.06
21962						
10/16	10/10/2016	21962	1625	ANTHEM BLUE CROSS	RETIREEE HEALTH BENEFITS	882.31
Total 21962:						882.31
21963						
10/16	10/10/2016	21963	3375	ANTHONY LIMA	MILEAGE REIMBURSEMENT	43.20
Total 21963:						43.20
21964						
10/16	10/10/2016	21964	62440	BNY MELLON NA	INVESTMENT MANAGEMENT FEES	3,163.21
Total 21964:						3,163.21

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
21965						
10/16	10/10/2016	21965	62263	COUNTY OF LOS ANGELES	SERVICE CUTS	975.00
Total 21965:						975.00
21966						
10/16	10/10/2016	21966	15	DAVE SHUBIN	TOTAL EXPENSES-TRI COUNTY CONFERENCE	74.13
Total 21966:						74.13
21967						
10/16	10/10/2016	21967	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	1,277.79
Total 21967:						1,277.79
21968						
10/16	10/10/2016	21968	379	HIGHROAD INFORMATION TECHNOL	INSTALLATION OF COAX CABLE RG6 QS AND CAT	3,048.55
Total 21968:						3,048.55
21969						
10/16	10/10/2016	21969	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	607.83
10/16	10/10/2016	21969	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	666.89
10/16	10/10/2016	21969	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	38.28
Total 21969:						1,313.00
21970						
10/16	10/10/2016	21970	244	INFOSEND INC	BILLING SERVICE	3,038.02
10/16	10/10/2016	21970	244	INFOSEND INC	BILLING SERVICE	1,725.41
Total 21970:						4,763.43
21971						
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	156.39
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	275.98
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	236.11
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	222.31
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	275.98
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	260.64
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	160.98
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	153.32
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	199.32
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	234.57
10/16	10/10/2016	21971	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	213.11
Total 21971:						2,388.71
21972						
10/16	10/10/2016	21972	62501	LEVEL 3 COMMUNICATIONS LLC	INTERNET & DATA	1,508.73
Total 21972:						1,508.73
21973						
10/16	10/10/2016	21973	62078	MCKINNEY CONSTRUCTION CO INC	FURNISHED AND INSTALLED 6" FIRE SERVICE LA	7,950.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 21973:						7,950.00
21974						
10/16	10/10/2016	21974	62575	PROGROUP	(2) DISTRICT SEALS IN ALUMINUM	3,376.08
Total 21974:						3,376.08
21975						
10/16	10/10/2016	21975	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEES	802.50
Total 21975:						802.50
21976						
10/16	10/10/2016	21976	62660	PUENTE HILLS FORD	TIRES TRUCK #29	360.91
10/16	10/10/2016	21976	62660	PUENTE HILLS FORD	MAINTENANCE TRUCK #17	175.02
Total 21976:						535.93
21977						
10/16	10/10/2016	21977	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	22,534.89
10/16	10/10/2016	21977	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	2,503.84
Total 21977:						25,038.73
21978						
10/16	10/10/2016	21978	215	SOUTH COAST AQMD	ANNUAL RENEWAL-FACILITY ID 328	459.77
10/16	10/10/2016	21978	215	SOUTH COAST AQMD	EMISSIONS FEES-FACILITY ID 328	124.35
Total 21978:						584.12
21979						
10/16	10/10/2016	21979	3550	SOUTHERN COUNTIES FUELS	GASOLINE & DIESEL	4,380.15
Total 21979:						4,380.15
21980						
10/16	10/10/2016	21980	62481	STAPLES ADVANTAGE	OFFICE SUPPLIES	795.66
Total 21980:						795.66
21981						
10/16	10/10/2016	21981	6300	STATE OF CALIFORNIA-EDD	UNEMPLOYMENT INSURANCE	266.19
Total 21981:						266.19
21982						
10/16	10/10/2016	21982	6600	THREE VALLEYS MUN WATER DIST	LEADERSHIP BREAKFAST (7)	140.00
Total 21982:						140.00
21983						
10/16	10/10/2016	21983	2900	VULCAN MATERIAL COMPANY	COLD MIX	1,424.72
Total 21983:						1,424.72

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
21984						
10/16	10/17/2016	21984	4750	PWR JT WATER LINE COMMISSION	215.5 AC FT-AUG 2016 WATER	558,970.20
10/16	10/17/2016	21984	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	10,739.20
10/16	10/17/2016	21984	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,149.69
10/16	10/17/2016	21984	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	1,992.76
Total 21984:						572,851.85
21985						
10/16	10/18/2016	21985	1050	ACWA JOINT POWERS INSURANCE A	WORKERS' COMP QUARTERLY PREMIUM	11,074.00
Total 21985:						11,074.00
21986						
10/16	10/18/2016	21986	4600	AIRGAS USA LLC	TANK RENTAL	72.70
Total 21986:						72.70
21987						
10/16	10/18/2016	21987	3850	ATHENS SERVICES (MODERN SVC)	R/O DEMURRAGE	232.56
Total 21987:						232.56
21988						
10/16	10/18/2016	21988	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,884.00
Total 21988:						1,884.00
21989						
10/16	10/18/2016	21989	6966	CINTAS CORPORATION LOC 693	UNIFORM RENTAL	2,657.40
10/16	10/18/2016	21989	6966	CINTAS CORPORATION LOC 693	FLEXFIT CAPS	1,471.50
Total 21989:						4,128.90
21990						
10/16	10/18/2016	21990	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	17,151.33
Total 21990:						17,151.33
21991						
10/16	10/18/2016	21991	1270	CORELOGIC SOLUTIONS LLC	PROPERTY DATA INFO	198.50
Total 21991:						198.50
21992						
10/16	10/18/2016	21992	22541	DOTY BROS CONSTRUCTION CO	NOGALES GRADE SEP	161,102.58
10/16	10/18/2016	21992	22541	DOTY BROS CONSTRUCTION CO	PUENTE HILLS MALL-2" WATER SERVICES	9,378.47
Total 21992:						170,481.05
21993						
10/16	10/18/2016	21993	2253	DUKE'S LANDSCAPING INC	GARDENING SERVICE	2,100.00
Total 21993:						2,100.00
21994						
10/16	10/18/2016	21994	62433	EMPLOYEE RELATIONS INC	BACKGROUND VERIFICATION	148.10

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 21994:						148.10
21995						
10/16	10/18/2016	21995	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	3,157.00
10/16	10/18/2016	21995	379	HIGHROAD INFORMATION TECHNOL	MANAGED SERVICES	4,416.67
Total 21995:						7,573.67
21996						
10/16	10/18/2016	21996	244	INFOSEND INC	BILLING SERVICE	2,134.51
Total 21996:						2,134.51
21997						
10/16	10/18/2016	21997	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	600.00
10/16	10/18/2016	21997	62066	JANITORIAL SYSTEMS	WINDOW CLEANING INSIDE & OUT	300.00
Total 21997:						900.00
21998						
10/16	10/18/2016	21998	62020	LA COUNTY DEPT OF PUBLIC WORKS	ANNUAL INDUSTRIAL WASTE INSPECTION FEE	315.00
Total 21998:						315.00
21999						
10/16	10/18/2016	21999	62128	LEWIS ENGRAVING INC	COLOR BADGE-TERESA RIOS	18.68
Total 21999:						18.68
22000						
10/16	10/18/2016	22000	62646	NBS	RATE STUDY	14,113.75
Total 22000:						14,113.75
22001						
10/16	10/18/2016	22001	189	NOBEL SYSTEMS	SOFTWARE DEVELOPMENT & SUPPORT SERVICE	3,000.00
10/16	10/18/2016	22001	189	NOBEL SYSTEMS	GIS UPDATES FOR RECYCLED WATER	2,100.00
Total 22001:						5,100.00
22002						
10/16	10/18/2016	22002	62649	OPARC	PAINTING FIRE HYDRANTS	5,461.53
Total 22002:						5,461.53
22003						
10/16	10/18/2016	22003	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR LIABILITY PROGRAM	1,069.50
10/16	10/18/2016	22003	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR CONSULTING FEES	2,885.00
Total 22003:						3,954.50
22004						
10/16	10/18/2016	22004	5100	PUENTE READY MIX INC	WASH CONCRETE SAND	787.50
Total 22004:						787.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
22005						
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	3/4" 74758-Q NO LEAD CTS CPLG	189.36
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	3/4" X 2-1/2" NO LEAD MTR CPLG ST	79.50
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	3/4" NO LEAD CTS AMS JONES	369.80
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	1" X 3/4" NO LEAD CTS AMG SG	245.00
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	3/4" NO LEAD FIP AMS JONES	143.75
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	1" X 3/4" NO LEAD AMS 1" FIP X 3/4 MTR	688.35
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	3/4" E3403SG NO LEAD CORP MIPXCTS SG COMP	420.75
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	1" E3403SG NO LEAD MIPXCTS CORP JONES	453.80
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	1" JE2623SG FCTXCTS ADPT NO LEAD JONES	138.00
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	1" BRS 90 NO LEAD IMP	29.80
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	2" BRS CPLG NO LEAD IMP	53.25
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	1" ARI AV/AR VLV #D-040P01WS W/SCREEN	863.70
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	3/4" X 100 TYPE K SOFT COPPER	650.00
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	6" X 6" CI HYD EXT CL BO 8H	302.88
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	6" X 12" CI HYD EXT CL BO 8H X 6H	507.90
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	WRENCH 36" LONG F/ 1-1/2" & 2"	45.00
10/16	10/18/2016	22005	62502	S & J SUPPLY COMPANY, INC	WRENCH 36" LONG F/ 3/4" & 1"	515.33
Total 22005:						5,696.17
22006						
10/16	10/18/2016	22006	339	S C W U A	RESERVATION (6)	180.00
Total 22006:						180.00
22007						
10/16	10/18/2016	22007	62534	SHRED IT USA	SHREDDING SERVICE	163.20
Total 22007:						163.20
22008						
10/16	10/18/2016	22008	62166	SO CAL GAS CO	GAS UTILITY BILL-2505 ARTIGAS	54.57
Total 22008:						54.57
22009						
10/16	10/18/2016	22009	62481	STAPLES ADVANTAGE	OFFICE SUPPLIES	169.91
Total 22009:						169.91
22010						
10/16	10/18/2016	22010	2180	SWRCB-DWOCP	T2 RENEWAL-DAVE SHUBIN	60.00
Total 22010:						60.00
22011						
10/16	10/18/2016	22011	1165	TERMINIX PROCESSING CENTER	MONTHLY PEST CONTROL SERVICE	105.00
10/16	10/18/2016	22011	1165	TERMINIX PROCESSING CENTER	MONTHLY PEST CONTROL SERVICE	105.00
Total 22011:						210.00
22012						
10/16	10/18/2016	22012	62325	THE BANK OF NEW YORK MELLON	TRUSTEE FEES-WATER REVENUE BOND SERIES	1,300.00
Total 22012:						1,300.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
22013						
10/16	10/18/2016	22013	5900	THE GAS COMPANY	GAS UTILITY BILL	24.46
Total 22013:						24.46
22014						
10/16	10/18/2016	22014	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	210.00
Total 22014:						210.00
22015						
10/16	10/18/2016	22015	62353	VERIZON	CONFERENCE CALLS	76.38
Total 22015:						76.38
22016						
10/16	10/18/2016	22016	382	W A RASIC CONSTRUCTION CO INC	JOB 16SX14-NOGALES GRADE SEP PH 2	64,004.28
10/16	10/18/2016	22016	382	W A RASIC CONSTRUCTION CO INC	JOB 15TX15-FULLERTON RD GRADE SEP	109,568.39
10/16	10/18/2016	22016	382	W A RASIC CONSTRUCTION CO INC	JOB 15TX18-FULLERTON RD GRADE SEP	47,763.00
10/16	10/18/2016	22016	382	W A RASIC CONSTRUCTION CO INC	2" WATER SERVICE-1697 AZUSA AVE	557.75
Total 22016:						221,893.42
22017						
10/16	10/18/2016	22017	62568	XCEPTIONAL NETWORKS, INC	MONTHLY OVERAGE FOR SEPTEMBER-NEW TICK	190.00
Total 22017:						190.00
22018						
10/16	10/18/2016	22018	62485	YOUTH SCIENCE CENTER	PROJECT WET PROGRAM	2,600.00
Total 22018:						2,600.00
22030						
10/16	10/25/2016	22030	400	AT&T MOBILITY	MOBILE PHONES, IPADS	1,878.52
Total 22030:						1,878.52
22031						
10/16	10/25/2016	22031	3850	ATHENS SERVICES (MODERN SVC)	TRASH SERVICE	259.90
Total 22031:						259.90
22032						
10/16	10/25/2016	22032	62071	CALIFORNIA LIVING INC	INTERIOR PLANT MAINTENANCE	430.00
Total 22032:						430.00
22033						
10/16	10/25/2016	22033	1900	CLINICAL LAB OF S B	WATER SAMPLES	3,615.00
Total 22033:						3,615.00
22034						
10/16	10/25/2016	22034	62594	COSTCO MEMBERSHIP	ANNUAL MEMBERSHIP	110.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 22034:						110.00
22035						
10/16	10/25/2016	22035	62505	D & H WATER SYSTEMS	SUPPLIES FOR RES	667.32
Total 22035:						667.32
22036						
10/16	10/25/2016	22036	2550	FRONTIER	PHONE SERVICE	318.27
Total 22036:						318.27
22037						
10/16	10/25/2016	22037	330	FUEL PRO INC	ANNUAL MONITOR CERTIFICATION	1,344.39
10/16	10/25/2016	22037	330	FUEL PRO INC	D/O INSPECTION	170.00
Total 22037:						1,514.39
22038						
10/16	10/25/2016	22038	5600	G M SAGER CONSTRUCTION	ASPHALT & CONCRETE	3,583.10
10/16	10/25/2016	22038	5600	G M SAGER CONSTRUCTION	ASPHALT & CONCRETE	2,499.00
10/16	10/25/2016	22038	5600	G M SAGER CONSTRUCTION	ASPHALT & CONCRETE	5,215.40
10/16	10/25/2016	22038	5600	G M SAGER CONSTRUCTION	ASPHALT & CONCRETE	587.50
Total 22038:						11,885.00
22039						
10/16	10/25/2016	22039	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	1,737.67
Total 22039:						1,737.67
22040						
10/16	10/25/2016	22040	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,236.61
Total 22040:						1,236.61
22041						
10/16	10/25/2016	22041	62435	INDUSTRY PUBLIC UTILITY COMMISS	PUMPING POWER-PUMPSTATION 2A	5,752.43
Total 22041:						5,752.43
22042						
10/16	10/25/2016	22042	62226	INLAND DESERT SECURITY &	ANSWERING SERVICE	395.90
Total 22042:						395.90
22043						
10/16	10/25/2016	22043	3300	LAGERLOF SENECA ET AL	MAIN BASIN ANALYSIS	150.00
Total 22043:						150.00
22044						
10/16	10/25/2016	22044	62583	LINCOLN FINANCIAL GROUP	LIFE INSURANCE	249.84
10/16	10/25/2016	22044	62583	LINCOLN FINANCIAL GROUP	SHORT/LONG TERM DISABILITY	724.67
10/16	10/25/2016	22044	62583	LINCOLN FINANCIAL GROUP	DIRECTORS LIFE & AD&D INSURANCE	41.85

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 22044:						1,016.36
22045						
10/16	10/25/2016	22045	62476	NETWORKFLEET INC	MONTHLY SERVICE	449.10
Total 22045:						449.10
22046						
10/16	10/25/2016	22046	62630	PEP BOYS	AUTO SUPPLIES	116.05
Total 22046:						116.05
22047						
10/16	10/25/2016	22047	4500	PETTY CASH	MISC EXPENSES	79.90
10/16	10/25/2016	22047	4500	PETTY CASH	SUPPLIES FOR PBWA	4.00
10/16	10/25/2016	22047	4500	PETTY CASH	VEHICLE EXPENSE	10.00
Total 22047:						93.90
22048						
10/16	10/25/2016	22048	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR CAL DOMESTIC	238.00
10/16	10/25/2016	22048	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEES	930.00
10/16	10/25/2016	22048	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL FEES	1,665.66
10/16	10/25/2016	22048	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL SERVICES	350.00
Total 22048:						3,183.66
22049						
10/16	10/25/2016	22049	62447	REEB GOVERNMENT RELATIONS LLC	LOBBYIST	1,500.00
Total 22049:						1,500.00
22050						
10/16	10/25/2016	22050	62562	RMC WATER AND ENVIRONMENT	RWD TOMICH BOOSTER PUMP STATION	3,809.00
Total 22050:						3,809.00
22051						
10/16	10/25/2016	22051	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	6,976.00
10/16	10/25/2016	22051	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR VALVE REPLACEMENTS	3,878.44
10/16	10/25/2016	22051	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	64.32
10/16	10/25/2016	22051	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR METERS	43.60
10/16	10/25/2016	22051	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	1,020.65
10/16	10/25/2016	22051	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	64.32
Total 22051:						12,047.33
22052						
10/16	10/25/2016	22052	5625	SAN GABRIEL VALLEY WATER ASSN	QUARTERLY LUNCHEON MEETING-T COLEMAN, R	75.00
Total 22052:						75.00
22053						
10/16	10/25/2016	22053	6075	STAPLES CREDIT PLAN	OFFICE SUPPLIES	152.58

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 22053:						152.58
22054						
10/16	10/25/2016	22054	62353	VERIZON	PHONE SYSTEM-VOIP/VOICE LINE	919.64
Total 22054:						919.64
22055						
10/16	10/25/2016	22055	382	W A RASIC CONSTRUCTION CO INC	JOB 15TX18-FULLERTON RD GRADE SEP	27.66
10/16	10/25/2016	22055	382	W A RASIC CONSTRUCTION CO INC	JOB 15TX15-FULLERTON RD GRADE SEP	152,351.23
Total 22055:						152,378.89
22056						
10/16	10/25/2016	22056	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	1,072.57
Total 22056:						1,072.57
22057						
10/16	10/25/2016	22057	2212	WHITE NELSON DIEHL EVANS LLP	SECOND INTERIM BILLING-FISCAL YR 6/30/16	2,250.00
Total 22057:						2,250.00
22058						
10/16	10/25/2016	22058	62568	XCEPTIONAL NETWORKS, INC	MONTHLY AGREEMENT	300.00
Total 22058:						300.00
101716						
10/16	10/17/2016	101716	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	363,069.00
10/16	10/17/2016	101716	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,425.23
10/16	10/17/2016	101716	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	1,828.86
10/16	10/17/2016	101716	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,457.58
10/16	10/17/2016	101716	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	11,203.21
Total 101716:						378,983.88
102016						
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	CONFERENCE EXPENSES	3,979.33
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	MISC EXPENSES	670.35
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	VEHICLE EXPENSES	216.70
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	OFFICE SUPPLIES	30.83
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	SEMINARS & TRAINING EXPENSE	203.22
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	RES EXPENSES	87.19
10/16	10/20/2016	102016	1070	AMERICAN EXPRESS	DIRECT TV SERVICE	34.63
Total 102016:						5,047.87
Grand Totals:						1,872,904.32

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11505-0	571,720.12	.00	571,720.12
222100	102.19	1,873,006.51-	1,872,904.32-
51310-0	922,039.20	.00	922,039.20
51410-1	3,450.34	.00	3,450.34
51410-2	2,574.92	.00	2,574.92
51410-3	1,828.86	.00	1,828.86
51410-5	21,942.41	.00	21,942.41
51510-0	18,223.90	.00	18,223.90
51910-0	3,665.16	.00	3,665.16
52310-0	28,287.32	.00	28,287.32
54210-0	1,838.70	.00	1,838.70
54211-0	29,839.73	.00	29,839.73
54212-0	1,570.00	.00	1,570.00
54213-0	1,353.71	87.19-	1,266.52
54214-0	3,583.10	.00	3,583.10
54215-0	15,935.23	.00	15,935.23
54217-0	4,878.82	.00	4,878.82
54219-0	3,477.00	.00	3,477.00
56210-0	5,452.87	15.00-	5,437.87
56211-0	4,965.04	.00	4,965.04
56214-0	1,148.98	.00	1,148.98
56215-0	110.00	.00	110.00
56216-0	18.68	.00	18.68
56217-0	172.26	.00	172.26
56218-0	9,495.98	.00	9,495.98
56218-1	802.50	.00	802.50
56218-2	150.00	.00	150.00
56219-0	6,465.97	.00	6,465.97
56220-0	12,430.95	.00	12,430.95
56221-0	4,721.19	.00	4,721.19
56223-0	4,388.74	.00	4,388.74
56310-0	59,115.00	.00	59,115.00
56311-0	11,074.00	.00	11,074.00
56312-0	37,658.09	.00	37,658.09
56320-0	598.22	.00	598.22
56411-0	31,158.02	.00	31,158.02
56413-0	2,811.86	.00	2,811.86
56414-0	266.19	.00	266.19
56415-0	465.96	.00	465.96
56416-0	249.84	.00	249.84
56417-0	12,214.22	.00	12,214.22
56418-0	724.67	.00	724.67
56419-0	51.70	.00	51.70
56421-0	7,444.46	.00	7,444.46
56510-0	584.12	.00	584.12
56710-0	459.67	.00	459.67
56811-0	2,250.00	.00	2,250.00
56812-0	1,094.55	.00	1,094.55
57312-0	1,481.38	.00	1,481.38
57314-0	788.25	.00	788.25
57315-0	3,615.00	.00	3,615.00
57316-0	4,419.00	.00	4,419.00
57319-0	2,600.00	.00	2,600.00
57320-0	60.00	.00	60.00
57321-0	4,975.63	.00	4,975.63
57322-0	315.00	.00	315.00

GL Account	Debit	Credit	Proof
Grand Totals:	<u>1,873,108.70</u>	<u>1,873,108.70-</u>	<u>.00</u>

Report Criteria:
Report type: GL detail

Report Criteria:
Detail Report

Check Number	Date	Payee				
Sequence	Source	Description	GL Account	Amount	Check Amount	
22019	10/17/2016	SHIMMICK CONSTRUCTION COMPANY INC				
1	3900	CREDIT REFUND-1210 FULLERTON RD, ROWLAND	15210-0	10,936.40	10,936.40	
22020	10/17/2016	INES RUBIANO				
1	238530-51	CREDIT REFUND-1805 PRITCHARD WAY	15210-0	52.82	52.82	
22021	10/17/2016	PETER LIAO				
1	101146-85	CREDIT REFUND-18121 DORSET COURT	15210-0	78.92	78.92	
22022	10/17/2016	CHIANG WANG KEE				
1	75867-24	CREDIT REFUND-1972 BOLANOS AVE	15210-0	42.54	42.54	
22023	10/17/2016	EDWIN WEN				
1	946194-97	DEPOSIT REFUND	22810-0	39.15		
2	946194-97	CREDIT REFUND	15210-0	108.81	147.96	
22024	10/17/2016	MIDLAND USA GROUP INC C/O IIBC MANAGMENT				
1	468882-88	DEPOSIT REFUND	22810-0	104.00		
2	468882-88	CREDIT REFUND	15210-0	38.97	142.97	
22025	10/17/2016	JULIUS D KATER				
1	860638-80	DEPOSIT REFUND	22810-0	23.96	23.96	
22026	10/17/2016	HECTOR OCEGUEDA				

Sequence	Source	Description	GL Account	Amount	Check Amount
1	653181-61	DEPOSIT REFUND	22810-0	135.84	135.84
22027	10/17/2016	CHRISTINE QUINTANAR			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	140697-40	DEPOSIT REFUND	22810-0	79.91	79.91
22028	10/17/2016	TRACY TSOI			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	195983-60	DEPOSIT REFUND	22810-0	205.02	205.02
22029	10/17/2016	TOM GU			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	15-16J	PROJECT REFUND-18339 SENTENO	24110-0	1,565.63	1,565.63
22059	10/27/2016	HIKVISION USA LLC			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	211116-01	CREDIT REFUND	15210-0	9,527.96	9,527.96
22060	10/27/2016	CEG CONSTRUCTION			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	211116-00	CREDIT REFUND-18639 RAILROAD	15210-0	4,633.20	4,633.20
22061	10/31/2016	CARLOS ARTURO ORTIZ			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	974886-36	CREDIT REFUND-2759 BATSON	15210-0	142.55	142.55
22062	10/31/2016	SHAOHUA ZHANG			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	546410-11	DEPOSIT REFUND-1802 PASO REAL	22810-0	51.57	51.57
22063	10/31/2016	JACK HUANG			
Sequence	Source	Description	GL Account	Amount	Check Amount
1	626438-75	DEPOSIT REFUND-1462 HEARTHERTON	22810-0	85.27	85.27

Check Number	Date	Payee				
22064	10/31/2016	FANG DAI				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	732729-62	DEPOSIT REFUND-18655 MARIMBA	22810-0	31.64	31.64
22065	10/31/2016	KDC CONSTRUCTION C/O A/P				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	34-00	DEPOSIT REFUND-1542 AZUSA	22810-0	812.73	812.73
22066	10/31/2016	HCI INC				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
22067	10/31/2016	HCI INC				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	27-00	DEPOSIT REFUND	22810-0	1,000.00	
	2	27-00	CREDIT REFUND	15210-0	12.81	1,012.81
22068	10/31/2016	MIP BROS INC				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	133492-94	DEPOSIT REFUND	22810-0	146.51	146.51
22069	10/31/2016	BRIAN HUANG				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	15-16N	PROJECT REFUND	24110-0	535.70	535.70
22070	10/31/2016	SEBASTIAN ULLOA				
	<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
	1	15-16L	PROJECT REFUND	24110-0	2,748.00	2,748.00
Grand Totals:						<u><u>33,139.91</u></u>

<u>Sequence</u>	<u>Source</u>	<u>Description</u>	<u>GL Account</u>	<u>Amount</u>	<u>Check Amount</u>
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Report Criteria:
Detail Report

Tab

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Rowland Water District Memorandum

To: Thomas Coleman, General Manager

From: Sean S. Henry, Finance Officer

CC:

Date: November 2, 2016

Subject: Investment Update – October 2016

Economic Review: The next meeting of the Federal Reserve is scheduled for November 1st. The last meeting was held on September 20th. The Fed Funds rate was maintained at a target range of ¼ to ½ percent. At the meeting, the Federal Reserve stated “the labor market has continued to strengthen and growth of economic activity has picked up from the modest pace seen in the first half of the year. Although the unemployment rate is little changed in recent months, job gains have been solid, on average. Household spending has been growing strongly but business fixed investment has remained soft. Inflation has continued to run below the Committee’s two percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports.” The latest reading of the Consumer Price Index (CPI) for Los Angeles, Riverside and Orange Counties was 1.9 for the month of September. The previous reading was 1.4 in August.

LAIF Update: LAIF ended the month of September with a yield of 0.63%. This represents a .02 basis point increase from the month of August. A comparison with last year shows a .29 basis point increase from September 2016 when the yield stood at 0.34%.

RWD Investments: Rowland Water District’s bond portfolio carries an average yield of 1.16%. This represents a .01 basis point increase from the month of September and a 0.53 basis point premium to LAIF. The District had one bond mature in the month of October. A five- year \$250,000 US Treasury yielding 1.00% matured on October 31st. The District CD Placement program carries an effective yield of 0.93% and an average maturity of 633 days.

Rowland Water District
3021 South Fullerton Road
Rowland Heights, CA 91748
Tel (562) 697-1726

ROWLAND WATER DISTRICT
SUMMARY OF CASH AND INVESTMENTS
FOR MONTH ENDED OCTOBER 31, 2016



CASH	
Citizens Business Bank	1,277,096.97
Comerica Bank MMIA	<u>26,908.80</u>
TOTAL CASH	1,304,005.77

COMERICA SECURITIES CD PLACEMENT	NA	1mth - 2 Years	NA	NA	NA	0.93%	633	2,190,000.00	12.21%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	NA	NA	0.60%	NA	1,930,087.96	10.76%

BNY MELLON INVESTMENTS
(UNION BANK CUSTODIAN)

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
Fedl Natl Mtg Assn	5 Year	250,000.00	100.639	100.039	11/15/16	1.38%	NA	250,097.50	1.39%
US Treasury Note	5 Year	250,000.00	99.942	100.054	11/30/16	0.88%	NA	250,135.00	1.39%
Fed Natl Mtg Assn	5 Year	200,000.00	101.194	100.205	01/30/17	1.25%	NA	200,410.00	1.12%
Fed Natl Mtg Assn	5 Year	250,000.00	100.083	100.206	08/28/17	0.88%	NA	250,515.00	1.40%
US Treasury Note	5 Year	250,000.00	99.559	99.930	09/30/17	0.63%	NA	249,825.00	1.39%
Fed Natl Mtg Assn	5 Year	250,000.00	100.019	100.145	12/20/17	0.88%	NA	250,362.50	1.40%
Fed Home Loan Mtg Corp	5 Year	200,000.00	99.289	99.978	01/12/18	0.75%	NA	199,956.00	1.11%
US Treasury Note	5 Year	200,000.00	99.742	99.973	02/28/18	0.75%	NA	199,946.00	1.11%
US Treasury Note	4 Year	250,000.00	99.539	100.895	06/30/18	1.38%	NA	252,237.50	1.41%
Fed Natl Mtg Assn	5 Year	500,000.00	100.300	100.028	05/21/18	0.88%	NA	500,140.00	2.79%
US Treasury Note	5 Year	250,000.00	99.727	100.922	09/30/18	1.38%	NA	252,305.00	1.41%
US Treasury Note	5 Year	250,000.00	99.868	100.973	11/30/18	1.38%	NA	252,432.50	1.41%
US Treasury Note	5 Year	250,000.00	99.137	101.242	12/31/18	1.50%	NA	253,105.00	1.41%
US Treasury Note	5 Year	250,000.00	100.172	101.273	01/31/19	1.50%	NA	253,182.50	1.41%
US Treasury Note	5 Year	250,000.00	99.140	101.301	02/28/19	1.50%	NA	253,252.50	1.41%
US Treasury Note	5 Year	250,000.00	99.617	101.621	03/31/19	1.63%	NA	254,052.50	1.41%
US Treasury Note	5 Year	250,000.00	98.719	100.773	04/30/19	1.26%	NA	251,932.50	1.41%
US Treasury Note	5 Year	100,000.00	98.532	100.711	10/31/19	1.27%	NA	100,711.00	1.42%
US Treasury Note	5 Year	250,000.00	99.359	100.992	01/31/20	1.38%	NA	252,480.00	1.40%
US Treasury Note	5 Year	250,000.00	99.047	100.094	03/31/20	1.14%	NA	250,235.00	0.56%
US Treasury Note	5 Year	250,000.00	99.016	100.887	04/30/20	1.38%	NA	252,217.50	1.41%
Fed Natl Mtg Assn	5 Year	250,000.00	98.867	101.166	06/22/20	1.50%	NA	252,915.00	1.40%
US Treasury Note	5 Year	250,000.00	99.633	99.430	02/28/21	1.13%	NA	248,575.00	1.41%
US Treasury Note	5 Year	250,000.00	100.184	99.102	07/31/21	1.13%	NA	247,755.00	1.41%
Cash Reserve Account						0.02%		316,735.76	1.77%
Total BNY Mellon Investments								6,295,511.26	35.10%

MERRILL LYNCH INVESTMENTS
(UNION BANK CUSTODIAN)

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
Fedl Natl Mtg Assn	5 Year	500,000.00	100.898	100.039	11/15/16	1.38%	NA	500,195.00	2.79%
Fedl Home Loan Mtg Corp	5 Year	465,000.00	100.427	100.200	03/08/17	1.00%	NA	465,930.00	2.60%
Fedl Home Loan Mtg Corp	5 Year	250,000.00	102.124	100.354	05/12/17	1.25%	NA	250,885.00	1.40%
Fedl Home Loan Mtg Corp	5 Year	250,000.00	100.793	100.267	06/29/17	1.00%	NA	250,667.50	1.40%
Fedl Natl Mtg Assn	5 Year	485,000.00	101.342	100.206	08/28/17	0.88%	NA	485,999.10	2.71%
Fedl Natl Mtg Assn	5 Year	495,000.00	100.650	100.145	12/20/17	0.88%	NA	495,717.75	2.76%
Fedl Home Loan Mtg Corp	5 Year	495,000.00	100.066	99.978	01/12/18	0.75%	NA	494,891.10	2.76%
Fedl Natl Mtg Assn	5 Year	495,000.00	100.448	100.109	02/08/18	0.88%	NA	495,539.55	2.76%
Fedl Home Loan Mtg Corp	5 Year	495,000.00	100.392	100.059	03/07/18	0.88%	NA	495,292.05	2.76%
Fedl Natl Mtg Assn	5 Year	500,000.00	100.530	100.028	05/21/18	0.88%	NA	500,140.00	2.79%
Fedl Natl Mtg Assn	4 Year	250,000.00	98.671	100.490	09/27/18	1.27%	NA	251,225.00	1.40%
Fedl Natl Mtg Assn	5 Year	245,000.00	100.061	101.354	11/27/18	1.63%	NA	248,317.30	1.38%
Fedl Home Loan Mtg Corp	5 Year	275,000.00	99.581	100.547	08/01/19	1.25%	NA	276,504.25	1.54%
Fedl Home Loan Mtg Corp	5 Year	275,000.00	99.344	100.512	10/02/19	1.25%	NA	276,408.00	1.54%
Fedl Farm Credit Bank	5 Year	240,000.00	98.229	100.255	10/22/19	1.29%	NA	240,612.00	1.34%
ML Bank Deposit (Cash Account)						0.07%		489,381.02	2.73%
Total Merrill Lynch Investments								6,217,704.62	34.66%

TOTAL INVESTMENTS
TOTAL CASH AND INVESTMENTS

	16,633,303.84	100%
	17,937,309.61	
Weighted Average Yield of Total Investment Portfolio:	0.89%	

Market values determined by last business day of month values.
 All listed investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007.
 The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.
 NOTE: All interest values shown above are based on annual rates of return.

S. S. Henry
 Sean S. Henry, Finance Officer



COMPARATIVE PURCHASED WATER REPORT FOR THE MONTH OF SEPTEMBER 2016

SOURCE / DESCRIPTION	2016			2015		
	ACRE-FEET	COST	COST/A.F.	ACRE-FEET	COST	COST/A.F.
WATER CHARGES:						
POTABLE WATER						
PUENTE BASIN WATER AGENCY / TVMWD	334.4	306,979.20	918.00	321.7	289,208.30	899.00
POMONA-WALNUT-ROWLAND JWLC	593.6	544,924.80	918.00	579.5	520,970.50	899.00
LA HABRA HEIGHTS	0.0	-	-	0.0	-	-
WATER REPLENISHMENT DISTRICT (WRD)	0.0	-	-	0.0	-	-
	928.0	851,904.00		901.2	810,178.80	
RECLAIMED WATER	77.2	18,224.00	236.06	79.2	18,501.73	233.61
TOTAL WATER CHARGES	1,005.2	870,128.00		980.4	828,680.53	
FIXED CHARGES:						
PUENTE BASIN WATER AGENCY / TVMWD						
CAPACITY RESERVATION		11,203.21			9,993.79	
CONNECTED CAPACITY		1,425.23			1,409.90	
WATER USE CHARGE		1,457.58			1,360.71	
EQUIV. SMALL METER		1,828.86			1,665.02	
SUBTOTAL		15,914.88			14,429.42	
PWR JWLC						
CAPACITY RESERVATION		10,906.08			11,348.45	
CONNECTED CAPACITY		1,149.69			1,137.31	
WATER USE CHARGE		1,910.45			2,208.05	
DEPRECIATION		1,389.00			1,389.00	
REPLACEMENT		1,910.00			1,910.00	
BUDGET ASSESSMENT		9,224.08			8,781.96	
SUBTOTAL		26,489.30			26,774.77	
LHH / OCWD						
WHEELING CHARGE	0.0	-	-	0.0	-	-
SUBTOTAL						
TOTAL FIXED CHARGES		42,404.18			41,204.19	
TOTAL PURCHASED WATER CHARGES		912,532.18			869,884.72	
AVERAGE WATER CHARGE:		\$ 907.81			\$ 887.28	

Tab

1.5

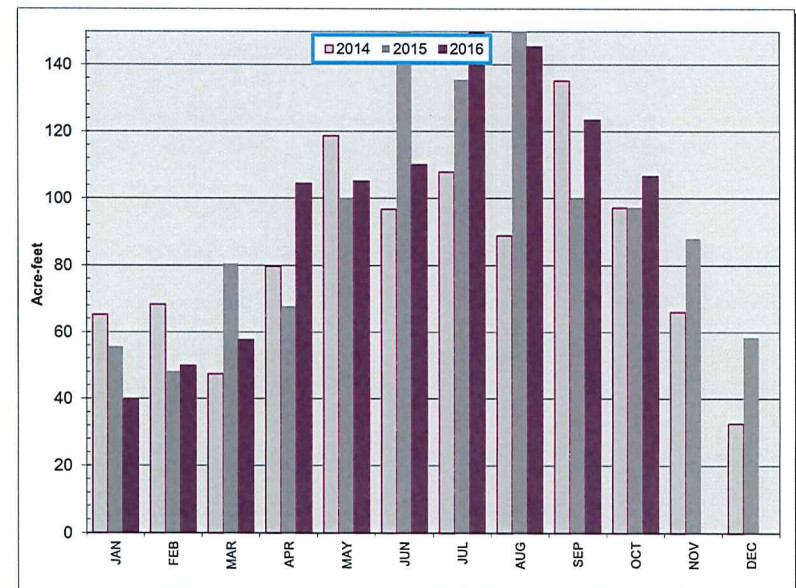
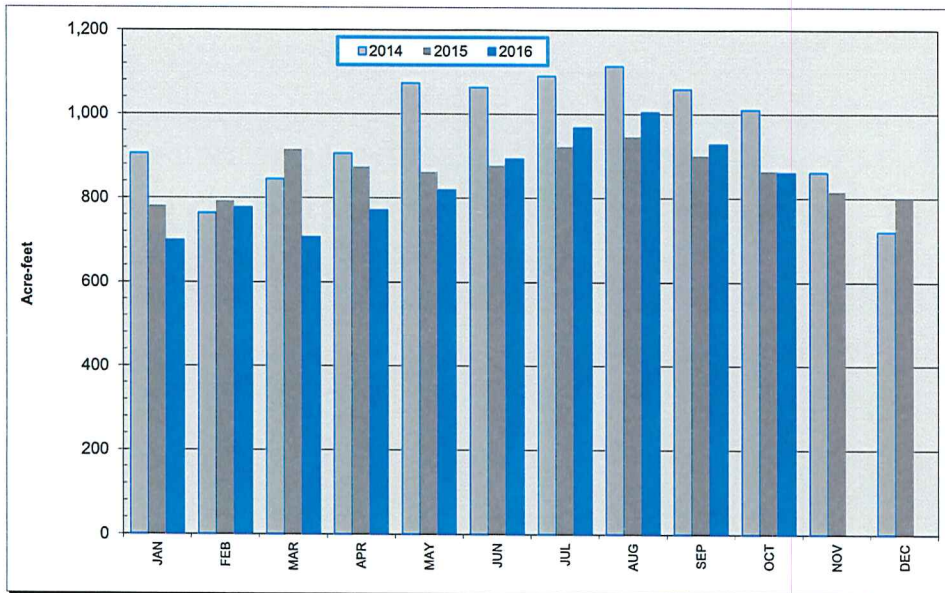


Water Purchases for CY 2016 (Acre-feet)



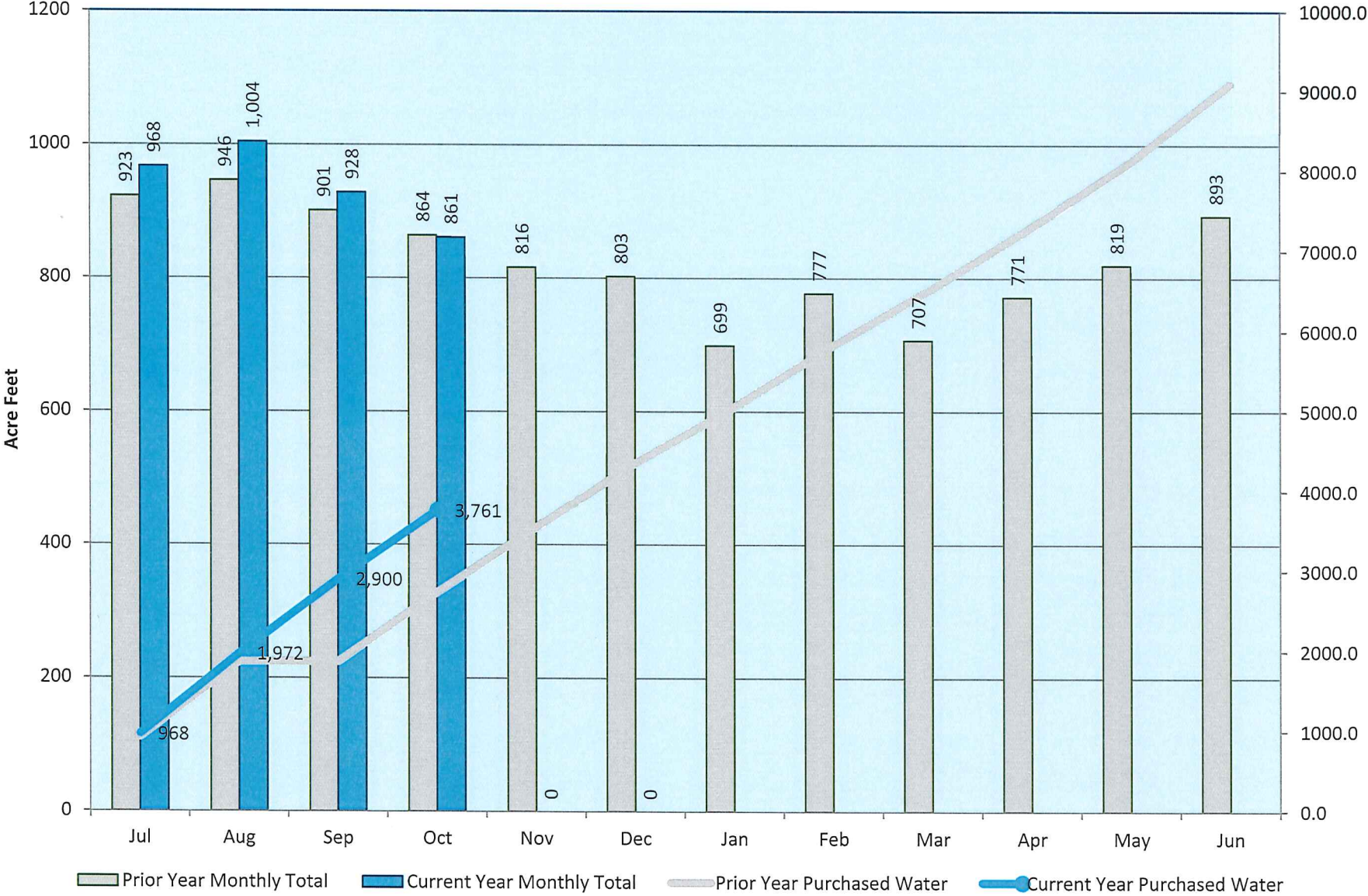
	POTABLE SYSTEM					TOTAL
	WBS	LHH	PM-22	JWL		
				PM-15	Miramar	
JAN		72.2	306.6	150.0	170.3	699.1
FEB		99.4	284.9	179.4	213.3	777.0
MAR		85.0	193.1	157.5	271.4	707.0
APR		0.0	295.1	297.5	178.5	771.1
MAY		0.0	345.4	308.1	165.7	819.2
JUN		0.0	455.0	351.7	86.5	893.2
JUL		0.0	431.3	457.2	79.0	967.5
AUG		0.0	395.5	531.5	77.4	1,004.4
SEP		0.0	334.4	489.6	104.0	928.0
OCT	1.3	0.0	363.1	386.1	110.3	860.8
NOV						0.0
DEC						0.0
TOTAL	1.3	256.6	3,404.4	3,308.6	1,456.4	8,427.3

RECYCLED SYSTEM						TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up		
0.0	3.5	0.0	36.3	0.0	39.8	
0.0	9.4	1.0	39.5	0.0	49.9	
0.0	6.9	2.0	48.8	0.0	57.7	
5.7	3.9	3.0	91.9	0.0	104.5	
26.8	8.2	3.0	67.2	0.0	105.2	
23.7	8.3	1.0	77.1	0.0	110.1	
33.5	8.0	3.0	130.0	0.0	174.5	
12.2	29.8	2.0	101.5	0.0	145.5	
35.4	10.9	3.0	74.2	0.0	123.5	
30.4	11.8	2.0	61.2	1.3	106.7	
					0.0	
					0.0	
167.7	100.7	20.0	727.7	1.3	1,017.4	



Potable Water Purchases For FY 2016-2017

(Acre-feet)



Tab

2.1



NOVEMBER 2016-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments <i>(Submit expense report if claiming mileage and/or meal reimbursement)</i>
Anthony J. Lima					
	11/2/2016	Three Valleys Board Meeting	\$110.00		Mileage
	11/8/2016	RWD Board Meeting	\$110.00		
	11/10/2016	PBWA Meeting at RWD	\$110.00		
	11/16/2016	Three Valleys Board Meeting	\$110.00		Mileage
	11/29/2016	RWD Special Board Meeting	\$110.00		
		TOTAL PAYMENT	\$550.00		
John Bellah					
	11/8/2016	RWD Board Meeting	\$80.00		
	11/29/2016	RWD Special Board Meeting	\$80.00		
		TOTAL PAYMENT	\$160.00		
Robert W. Lewis					
	11/8/2016	RWD Board Meeting	\$110.00		
	11/10/2016	PBWA Meeting at RWD	\$110.00		
	11/14/2016	SGV Chamber Gov Affairs	\$110.00		
	11/28/16-11/29/16	ACWA/JPIA Committee Meeting	\$220.00		
	11/29/2016	RWD Special Board Meeting		X	
	11/30/2016	ACWA Fall Conference	\$110.00		Mileage, Parking, Meals
		TOTAL PAYMENT	\$660.00		
Szu-Pei Lu					
		TOTAL PAYMENT	\$0.00		
Teresa Rios					
	11/8/2016	RWD Board Meeting	\$110.00		
	11/29/2016	RWD Special Board Meeting	\$110.00		
		TOTAL PAYMENT	\$220.00		

APPROVED FOR PAYMENT:

Tom Coleman

Tab

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2.3



CURRENT LIST OF COMMITTEE ASSIGNMENTS

Rowland Water District

Board of Directors

UPDATED AND APPROVED BY BOARD ON DECEMBER 20, 2016

Committee	Current Assignments	New Assignments
Puente Basin Water Agency	Director Lewis Director Lima Tom Coleman (Alternate)	
PWR Joint Water Line Commission	Director Lima Director Rios	
Three Valleys Municipal Water District	Director Lima Director Lu-Yang	
Association of California Water Agencies	Director Bellah Director Lewis	
Joint Powers Insurance Authority	Director Lewis Tom Coleman (Alternate)	
San Gabriel Valley Regional Chamber of Commerce-Government Affairs Committee	Director Lewis Director Bellah (Alternate)	
Los Angeles County Sheriff's Department Advisory Council	Director Lu-Yang Director Rios	
Project Ad-Hoc Committee	Director Lima Director Lu-Yang	
Walnut Valley Water District	Director Lima Director _____ (Alternate)	

Tab

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2.5



RESOLUTION NO. 12-2016
Supersedes Resolution No. 12-2015

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
APPOINTING REPRESENTATIVES TO THE
PUENTE BASIN WATER AGENCY**

WHEREAS, the Rowland Water District entered into an Amended Restated and Renewed Joint Powers Agreement creating the PUENTE BASIN WATER AGENCY, dated October 28, 2009, with Walnut Valley Water District, (the PBWA Agreement); and,

WHEREAS, the PBWA Agreement provides that the PUENTE BASIN WATER AGENCY shall be governed by a Commission consisting of four commissioners, and that the governing body of each of the members shall annually appoint two representatives to the Commission and one alternate to serve in the absence of either of the appointed representatives; and,

WHEREAS, the PBWA Agreement further provides that at least one of the appointed representatives of each member shall be a Director on the governing board of the appointing member; and,

WHEREAS, each Commissioner must file with the PUENTE BASIN WATER AGENCY a certified copy of the resolution of the member appointing him or her,

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rowland Water District:

1. That ANTHONY J. LIMA, who is a member of the Board of Directors of the Rowland Water District, shall be appointed as a representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
2. That ROBERT W. LEWIS, who is a member of the Board of Directors of the Rowland Water District shall be appointed as a representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
3. That TOM COLEMAN, General Manager of Rowland Water District, shall be appointed as an alternate representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY in the absence of either of the appointed representatives.

4. That each of the representatives and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.

5. That a certified copy of this Resolution be provided to the PUENTE BASIN WATER AGENCY.

ADOPTED AT A REGULAR MEETING OF THE ROWLAND WATER DISTRICT HELD DECEMBER 13, 2016 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Szu Pei Lu-Yang, President

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on December 20, 2016.

TOM COLEMAN
General Manager/Board Secretary

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RESOLUTION NO. 12.1-2016
(Supersedes Resolution No. 2.1-2006)

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
ESTABLISHING THE ROWLAND WATER DISTRICT
INVESTMENT POLICY**

WHEREAS, The Legislature of the State of California has declared that to protect the solvency and creditworthiness of the state and all of its political subdivisions, the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (Government Code Section 53600.6); and,

WHEREAS, The Legislature has authorized the legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency ("surplus funds") to invest any portion of the money that it deems wise or expedient in those investments authorized under the Government Code (Sections 53600 et seq.); and,

WHEREAS, the Board of Directors of the Rowland Water District has previously established a policy for the investment of surplus funds of the District pursuant to Government Code Section 53646, and has reviewed and approved said policy annually since its adoption in 1996 at public meetings of the Board of Directors; and,

WHEREAS, the Board of Directors has previously delegated to the General Manager/Treasurer of the District the authority to establish written procedures and to invest and reinvest surplus funds of the District in accordance with the investment policy pursuant to Government Code Section 53607, and has renewed said delegation annually; and

WHEREAS, the Board of Directors now desires to amend and restate the Statement of Investment Policy, and make the delegation of investment authority by separate resolution;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rowland Water District that the Policy for Investment of Surplus Funds of the District shall be as follows:

SECTION ONE: Purpose.

This Statement of Investment Policy sets forth the policy of the Board of Directors of the Rowland Water District for the investment of any surplus funds of the District which are not required for the immediate operating necessities of the District, including , but not limited to, sinking funds, reserves, trust funds, restricted funds, and surplus monies. All District funds available for investment shall be invested in accordance with this Policy with the goal of achieving the highest rate of return consistent with the ultimate priorities of safeguarding the principal and maintaining liquidity sufficient to insure that funds are available when needed to meet all operating expenses of the District.

SECTION TWO: Objectives.

The District shall operate a cash management system which is designed to accurately monitor and forecast expenditures and reserves, to permit the most efficient investment of District funds. Investment of District funds shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments of surplus funds of the District may be made as authorized by law.

SECTION THREE: Delegation of Authority.

The Board of Directors shall annually consider delegation of the authority to invest or to reinvest surplus funds of the District to the General Manager/Treasurer of the District for a one-year period as permitted by Government Code Section 53607, which delegation shall be made by separate resolution. Upon delegation of investment authority, the General Manager/Treasurer shall assume full responsibility for investment of surplus funds of the district until such delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the Board of Directors.

SECTION FOUR: Policy.

The investment of surplus funds of the District shall be made in consultation with the District's financial advisors and with the exercise judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The standard of prudence to be used in the investment of District funds shall be the "prudent investor" standard (Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. If investment authority is delegated to the General Manager/Treasurer, the General

Manager/Treasurer so long as he is acting in accordance with the Investment Policy established by the Board of Directors and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. Within the limitations of the foregoing standard, surplus funds of the District may be invested in any of the types of investments permitted under Section 53601 and 53601.1 of the Government Code of the State of California as currently written, and as it may be amended in the future by the Legislature. Investment of District funds is expressly authorized in the Local Agency Investment Fund of the California State Treasurer (Government Code Section 16429.1). The District is expressly authorized to invest in corporate bonds in accordance with Government Code Sections 53601 and 53601.1. All investments of surplus funds of the District shall comply with the limitations and requirements of Government Code Sections 53600 through 53609, inclusive and any other legal restrictions imposed by State or Federal law.

To the extent possible, one hundred percent (100%) of the surplus funds of the District shall be invested such that a return is being earned and shall not be left in non-interest-bearing deposit accounts. The criteria for selecting investments, and the absolute order of priority of goals, are as follows:

1. **Safety of Principal:** The safety of principal is the primary objective of the investment program. Investments of surplus funds of the District shall be undertaken in a manner that seeks, first and foremost, to ensure the preservation of capital in the overall portfolio. To attain this objective, investment of District funds shall be diversified in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
 - (a) **Credit Risk:** Credit risk, defined as the risk of loss due to failure of an issuer of a security, shall be avoided by investing only in very safe institutions and by diversifying the investments so that the failure of any one issuer would not unduly harm the District's cash flow.
 - (b) **Market Risk:** It is explicitly recognized that in a diversified portfolio, the potential loss of value due to overall changes in the general level of interest rates ("market risk") is inevitable, and must be considered within the context of the overall investment return. Market risk shall be mitigated by limiting the weighted average maturity of the District's investment portfolio to five (5) years, (subject to shorter maturity requirements for individual investments provided by law).
2. **Liquidity:** Securities purchased with surplus funds of the District shall have maturities of appropriate durations such that reasonably anticipated operating expenses of the District will be met without the necessity of selling securities prior to their stated maturity. Notwithstanding the foregoing, any security may be sold prior to maturity if it is determined

that such sale would be advantageous to the District within its overall investment strategy.

3. **Yield:** The investment of surplus funds of the District shall be made with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics of the portfolio.

Government securities and debt obligations of governmental agencies whose obligations carry the full faith and credit of the Government of the United States of America are preferred as the highest quality investments in terms of safety and liquidity.

Investments in certificates of deposit, savings accounts and interest bearing active accounts shall be insured or collateralized to a degree consistent with or exceeding requirements of existing laws and regulations. Maturities of certificates of deposit and term accounts shall be selected to anticipate cash needs and to avoid forced liquidation and the accompanying loss of interest.

Reasonably available and economically feasible investment aids and advisors shall be used to monitor economic conditions and markets to assess the probable course of interest rates.

The most important objective of this Investment Policy is that the safety of the public's money in the hands of the District must be ensured and that such funds must be available when needed for the District's purposes. A high dollar yield on investments, though important, ranks third in priority of investment strategy.

SECTION FIVE: Safekeeping and Custody.

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by Government Code Section 53601.

SECTION SIX: Reporting.

In addition to the monthly report of investment transactions, the General Manager/Treasurer shall submit to each member of the Board of Directors, a quarterly investment report within thirty (30) days following the end of the quarter covered by the report, which shall include the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and monies of the District, and shall additionally include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs and such other information as is required under Government Code Section 53646. With respect to all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund,

the report shall also include a current market value as of the date of the report, and shall identify the source of such valuation. With respect to funds placed in the Local Agency Investment Fund, FDIC-Insured accounts and/or in a county investment pool, the foregoing information may be provided by including a copy of the latest statement from such institutions. The quarterly report shall include a statement that the portfolio is in compliance with this statement of Investment Policy, or shall identify in what respect it is not in compliance. The quarterly report shall include a statement that the District will be able to meet its anticipated operating expenses and expenditure obligations for the following six months or provide an explanation as to why sufficient money shall, or may not be available.

The General Manager/Treasurer shall maintain a complete and up-to-date record of all investment transactions. The General Manager/Treasurer shall also report any additional information or data that may be requested by the Board of Directors.

SECTION SEVEN: Prohibited Investments.

No District funds shall be invested in any security or investment specifically prohibited under Government Code Section 53601, 53601.6 or any other provision of applicable law.

SECTION EIGHT: Effective Date:

This Resolution shall supersede all prior resolutions and actions of the Board of Directors establishing any investment policy and shall become effective on December 13, 2016. The Investment Policy provided herein shall continue until repealed or amended by the Board of Directors.

Adopted this 13th day of December, 2016 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Szu Pei Lu-Yang, President

Attest:

Tom Coleman
General Manager/Treasurer

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2.8



RESOLUTION NO. 12.2-2016
Supersedes Resolution No. 12.1-2015

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
RE-APPOINTING THE DISTRICT TREASURER AND
DELEGATING AUTHORITY FOR THE INVESTMENT OF SURPLUS FUNDS
OF THE DISTRICT TO THE GENERAL MANAGER/TREASURER**

WHEREAS, the Board of Directors has adopted a Statement of Investment Policy governing the investment of surplus funds of the District not required for the immediate needs of the District as set forth in Resolution No. 12.2-2016 , and has reviewed said policy and determined that no revisions to the investment policy are necessary or desirable at this time; and,

WHEREAS, on December 8, 2015, the Board of Directors appointed General Manager, TOM COLEMAM, as the Treasurer of the District and delegated to the General Manager/ Treasurer the authority to invest and reinvest funds of the District, and to sell and exchange securities purchased on behalf of the District pursuant to Government Code Section 53607; and,

WHEREAS, the delegation of investment authority to the General Manager/Treasurer was for a period of one year from the date of delegation, and the Board of Directors desires to amend the delegation of investment authority to the current General Manager/Treasurer for a period of one year.

NOW THEREFORE, be it resolved by the Board of Directors of the Rowland Water District as follows:

1. The Board of Directors hereby delegates to the General Manager/ Treasurer, TOM COLEMAN the authority and responsibility for the investment of District funds pursuant to the Statement of Investment Policy established by the Board of Directors.
2. In investing surplus funds of the District, the General Manager/Treasurer shall consult with the District's financial advisors and shall exercise judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The standard of prudence to be used by the General Manager/Treasurer shall be the "prudent investor" standard (Government Code Section 53600.3) and shall be applied in the context of managing an overall

portfolio. The General Manager/Treasurer, acting in accordance with the Investment Policy established by the Board of Directors and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. Within the limitations of the foregoing standard, the General Manager/Treasurer is authorized to invest surplus funds of the District in any of the types of investments permitted under Section 53601 and 53601.1 of the Government Code of the State of California as currently written, and as it may be amended in the future by the Legislature. The General Manager/Treasurer is expressly authorized to invest surplus funds of the District in the Local Agency Investment Fund of the California State Treasurer (Government Code Section 16429.1). All investments of surplus funds of the District shall comply with all of the limitations and requirements of Government Code Sections 53600 through 53609, inclusive and any other legal restrictions imposed by State or Federal law.

3. The General Manager/Treasurer shall establish written procedures for the operation of the investment program consistent with the Statement of Investment Policy which procedures shall include references to safekeeping; repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts as appropriate. The General Manager/Treasurer may delegate to District staff members authority to engage in specific investment transactions and shall institute such controls and restrictions as appropriate to ensure compliance with the Investment Policy. No person may engage in an investment transaction except as provided under the terms of the Investment Policy and the procedures established by the General Manager/Treasurer. The General Manager/Treasurer shall be ultimately responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, outside investment advisors and contracted managers.
4. The General Manager/Treasurer shall make monthly reports of investment transactions made with District funds to the Board of Directors. In addition, the General Manager/Treasurer shall submit to each member of the Board of Directors, a quarterly investment report within thirty (30) days following the end of the quarter covered by the report, which shall include the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and monies of the District, and shall additionally include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs and such other information as is required under Government Code Section 53646. With respect to all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation. With respect to funds placed in the Local Agency Investment Fund, FDIC-Insured accounts and/or in a county investment pool, the foregoing information may be provided by including a copy of the latest statement from such institutions. The quarterly report shall include a statement that the portfolio is in compliance with this statement of

Investment Policy, or shall identify in what respect it is not in compliance. The quarterly report shall include a statement that the District will be able to meet its anticipated operating expenses and expenditure obligations for the following six months or provide an explanation as to why sufficient money shall, or may not be available. The General Manager/Treasurer shall maintain a complete and up-to-date record of all investment transactions. The General Manager/Treasurer shall also report any additional information or data that may be requested by the Board of Directors.

5. The investment authority delegated to the General Manager/Treasurer herein shall continue for one year or until earlier revoked by the Board of Directors.

ADOPTED December 13, 2016 by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Szu Pei Lu-Yang, President

Attest:

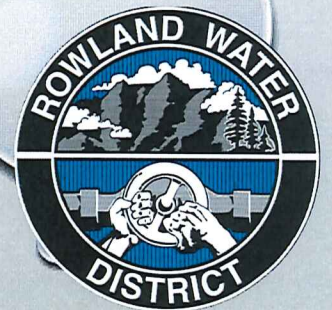
TOM COLEMAN
General Manager/Treasurer

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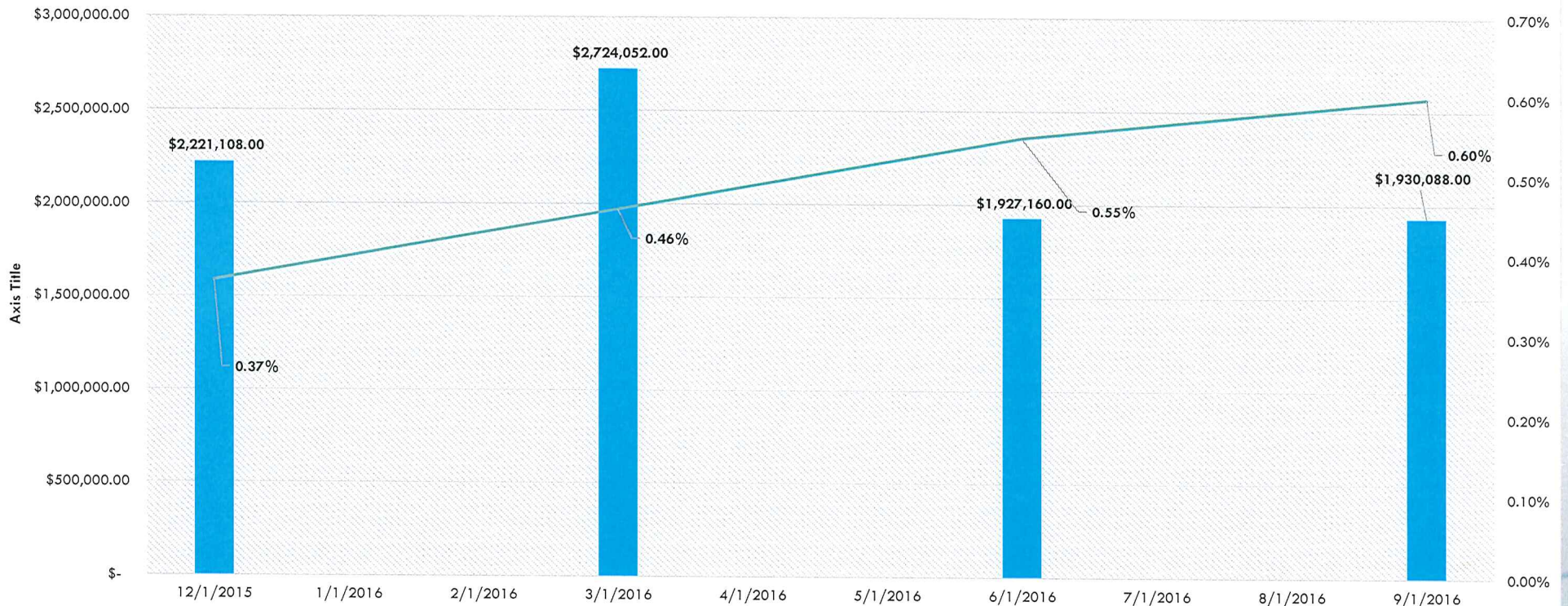
QUARTERLY INVESTMENT REVIEW

SEPTEMBER 30, 2016



LOCAL AGENCY INVESTMENT FUND

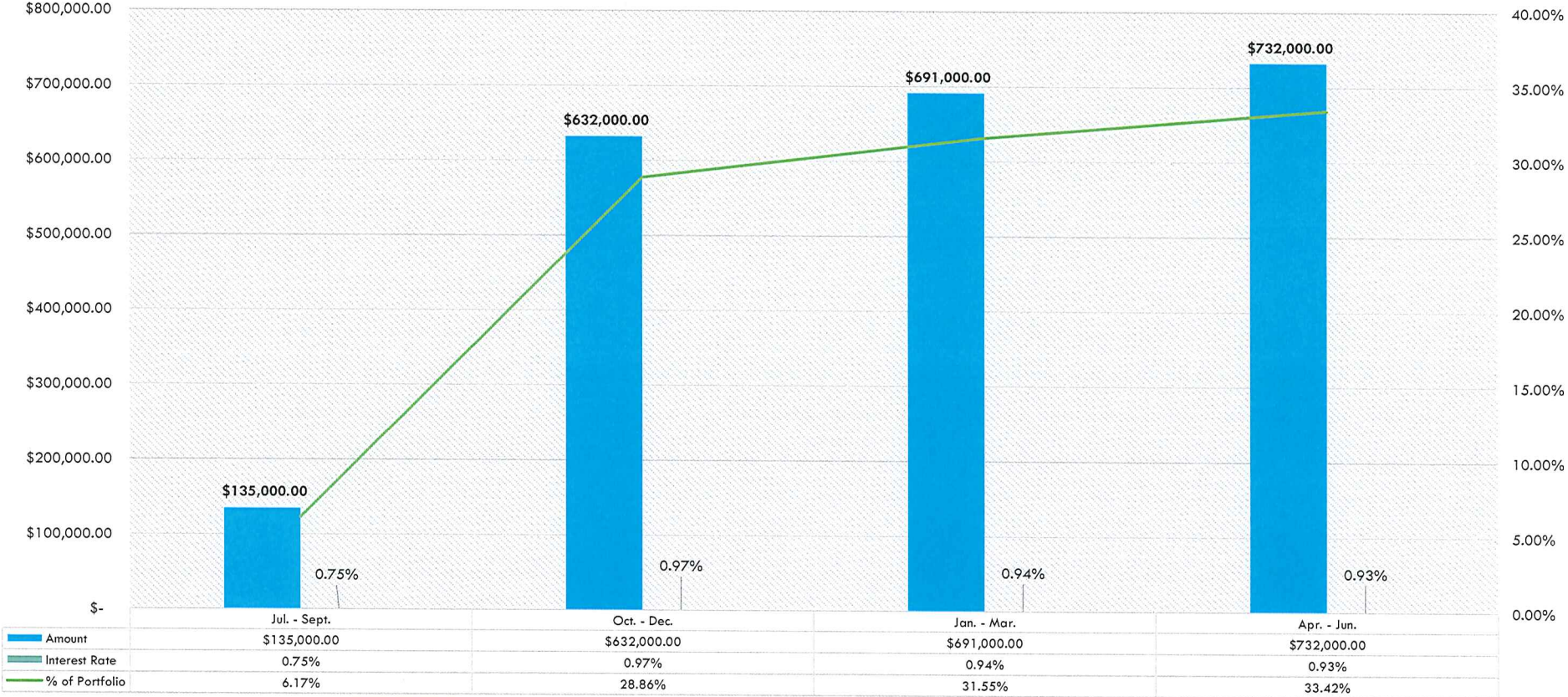
LAIF VALUE = \$1,930,088.00



	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Account Balance	\$2,221,108.00	\$2,724,052.00	\$1,927,160.00	\$1,930,088.00
Interest Rate	0.37%	0.46%	0.55%	0.60%

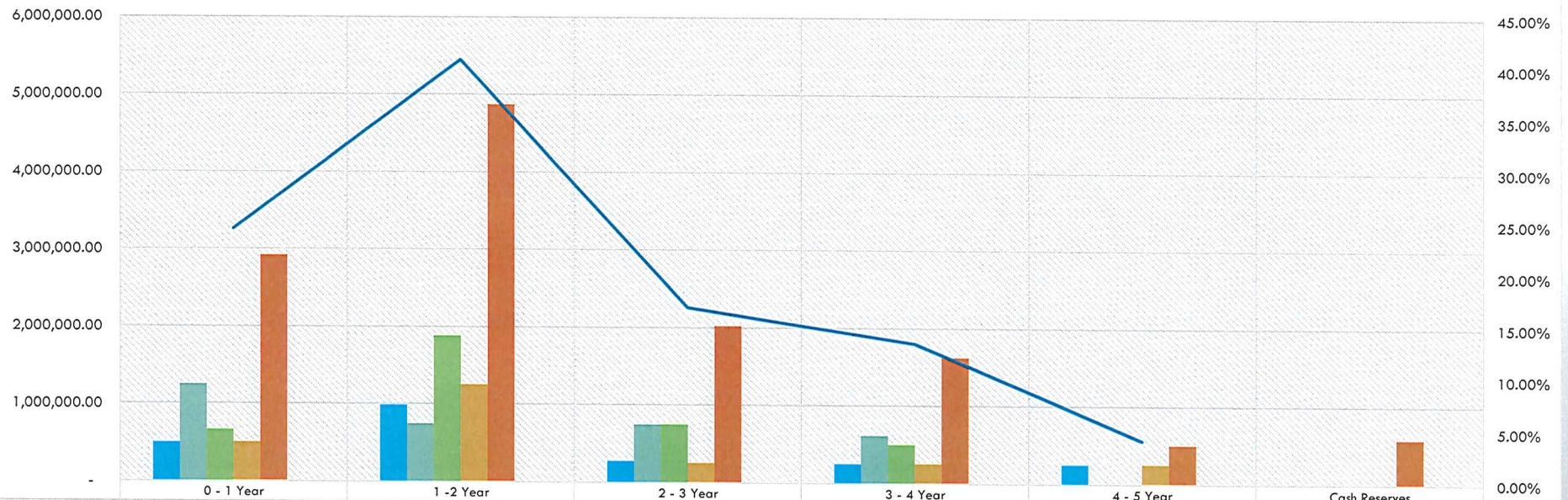
CD PLACEMENT PROGRAM

CD PLACEMENT VALUE = \$2,190,000.00



FIXED INCOME PORTFOLIO

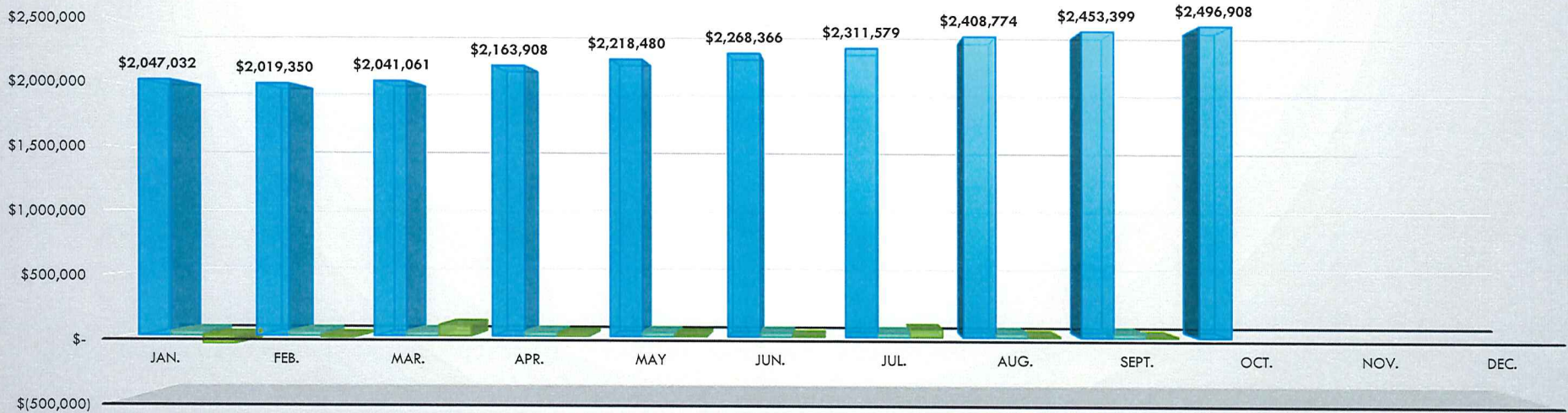
BOND PORTFOLIO VALUE = \$12,495,188.00



	0 - 1 Year	1 - 2 Year	2 - 3 Year	3 - 4 Year	4 - 5 Year	Cash Reserves
Jul. - Sept.	500,000.00	985,000.00	275,000.00	250,000.00	250,000.00	
Oct. - Dec.	1,250,000.00	745,000.00	745,000.00	615,000.00	-	
Jan. - Mar.	665,000.00	1,885,000.00	750,000.00	500,000.00	-	
Apr. - Jun.	500,000.00	1,250,000.00	250,000.00	250,000.00	250,000.00	
Total Bond Portfolio	2,915,000.00	4,865,000.00	2,020,000.00	1,615,000.00	500,000.00	580,188.00
Interest Rate	1.08%	0.95%	1.46%	1.31%	1.13%	0.07%
% of Portfolio	24.46%	40.83%	16.95%	13.55%	4.21%	

GASB 45 OPEB TRUST

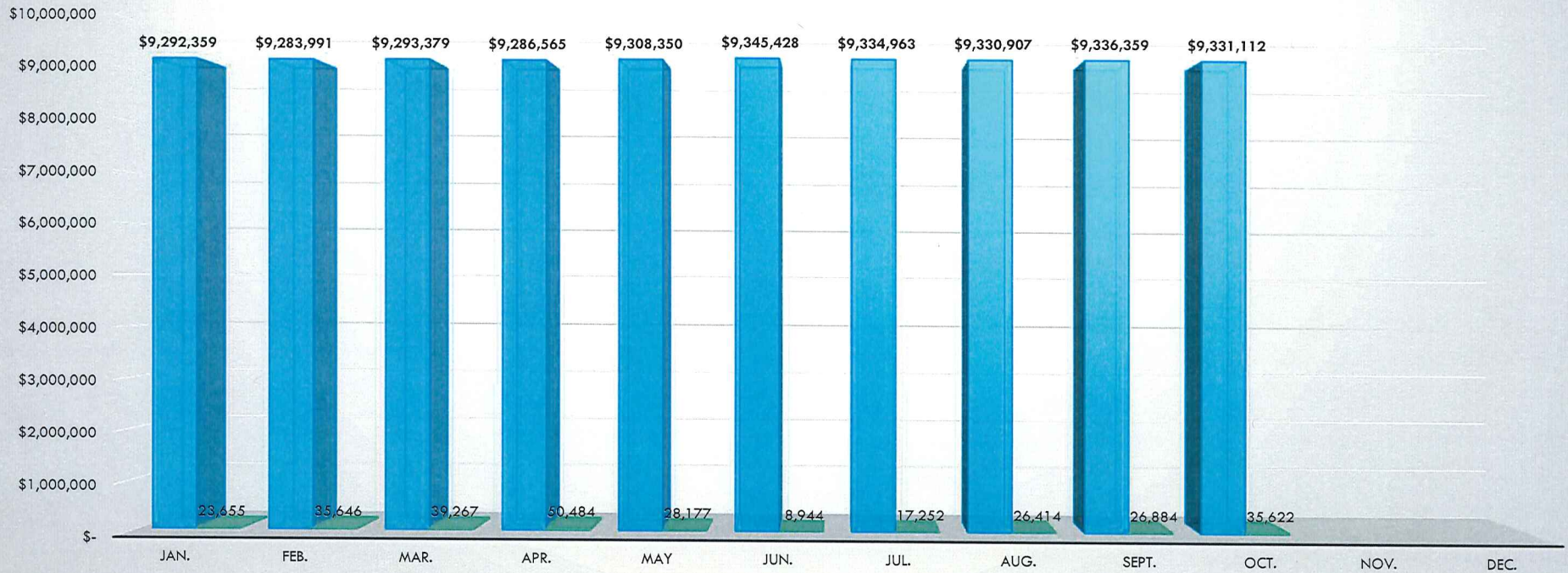
OPEB TRUST VALUE = \$2,496,908.00
1 YEAR RETURN = 8.52%
3 YEAR RETURN = 8.73%



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Balance	\$2,047,032	\$2,019,350	\$2,041,061	\$2,163,908	\$2,218,480	\$2,268,366	\$2,311,579	\$2,408,774	\$2,453,399	\$2,496,908		
Contribution	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000			
Earnings/Loss	(62,682)	(13,289)	87,847	19,572	14,886	8,213	62,195	9,625	8,509			

2012 REVENUE BOND

2012 BOND FUND = \$9,331,112.00



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
■ Balance	\$9,292,359	\$9,283,991	\$9,293,379	\$9,286,565	\$9,308,350	\$9,345,428	\$9,334,963	\$9,330,907	\$9,336,359	\$9,331,112		
■ Accrued Income	23,655	35,646	39,267	50,484	28,177	8,944	17,252	26,414	26,884	35,622		



ROWLAND WATER DISTRICT PORTFOLIO SUMMARY

UNRESTRICTED

• LOCAL AGENCY INVESTMENT FUND	\$1,930,088.00
• CD PLACEMENT PORTFOLIO	\$2,190,000.00
• FIXED INCOME PORTFOLIO	\$12,495,188.00

RESTRICTED

• GASB 45 OPEB TRUST	\$2,496,908.00
• REVENUE BOND FUND	\$9,331,112.00

TOTALS:	\$28,443,296.00
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PUENTE BASIN WATER AGENCY WATER IN-STORAGE

DATE	ACRE FEET	AMOUNT	TOTAL
June 30, 2009	1,889.0	261.00	493,029.00
February 15, 2011	(900.0)	484.00	(435,600.00)
November 30, 2011	363.1	527.00	191,354.00
December 31, 2011	1,636.9	527.00	862,646.00
October 31, 2012	112.5	560.00	63,000.00
November 30, 2012	1,887.5	560.00	1,057,000.00
September 24, 2015	1,046.5	593.00	620,575.00
October 31, 2015	434.2	582.00	252,704.00
January 31, 2016	819.5	587.00	481,047.00
Totals	7,289.2		3,585,755.00

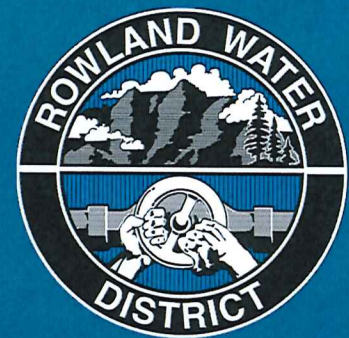
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STATEMENT OF OPERATIONS

Rowland Water District

July 1, 2016 – September 30, 2016



Summary	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Total Revenues	6,073,923.00	5,485,549.00	20,760,000.00	29.26%
Operating Expenses	3,318,219.00	3,140,911.00	13,970,000.00	23.75%
Administrative Expenses	328,865.00	269,686.00	1,075,000.00	30.59%
Personnel Expenses	1,141,086.00	1,103,488.00	4,620,000.00	24.70%
Total Expenses	4,788,170.00	4,514,085.00	19,665,000.00	24.35%
Net Income	1,285,753.00	971,464.00	1,095,000.00	117.42%

NET INCOME SUMMARY

Categories	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Water Sales (Potable)	4,049,715.00	3,449,075.00	12,850,000.00	31.52%
Water Sales (Recycled)	241,327.00	227,385.00	550,000.00	43.88%
Meter Service Charge	1,626,030.00	1,606,234.00	6,400,000.00	25.41%
Customer Fees	60,970.00	60,777.00	250,000.00	24.39%
Property Taxes	8,433.00	10,514.00	250,000.00	3.37%
Contract Income/ Shared Services	33,183.00	26,971.00	160,000.00	20.74%
Interest Income	54,265.00	54,593.00	300,000.00	18.09%
Totals	6,073,923.00	5,485,549.00	20,760,000.00	29.26%

REVENUE SUMMARY

Categories	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Water Purchases (Potable)	2,662,108.00	2,520,896.00	9,150,000.00	29.09%
Water Purchases (Recycled)	73,789.00	77,265.00	250,000.00	29.52%
Fixed Charges	89,475.00	87,681.00	330,000.00	27.11%
Debt Service Expense	0.00	0.00	2,450,000.00	0.00%
Maintenance of Water System	175,292.00	80,196.00	445,000.00	39.39%
Pumping Expense	108,151.00	116,631.00	400,000.00	27.04%
Service Contracts	96,586.00	76,919.00	275,000.00	35.12%
Operating Assessments	20,363.00	22,919.00	180,000.00	11.31%
Water Supply & Develop.	11,529.00	38,164.00	150,000.00	7.69%

OPERATING EXPENSE SUMMARY

Categories	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Engineering	0.00	9,303.00	20,000.00	0.00%
Maintenance & Operation	3,579.00	7,747.00	30,000.00	11.93%
Vehicle Expense	15,672.00	16,391.00	70,000.00	22.39%
Equipment Expense	7,228.00	12,995.00	25,000.00	28.91%
Tools & Supplies	8,616.00	12,227.00	30,000.00	28.72%
Water Tests	6,565.00	5,419.00	25,000.00	26.26%
Water Conservation	17,690.00	10,492.00	20,000.00	88.45%
Community Outreach	21,576.00	45,666.00	120,000.00	17.98%
Totals	3,318,219.00	3,140,911.00	13,970,000.00	23.75%

OPERATING EXPENSE - CONTINUED

Categories	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Liability Insurance	60,273.00	32,350.00	125,000.00	48.22%
Conferences	19,792.00	10,034.00	60,000.00	32.99%
Seminars and Training	20,259.00	25,088.00	70,000.00	28.94%
IT Support Services	60,457.00	33,834.00	150,000.00	40.30%
Legal Services	28,442.00	30,317.00	100,000.00	28.44%
Directors' Compensation & Benefits	27,922.00	27,767.00	125,000.00	22.34%
Bank and Management Fees	26,428.00	25,561.00	105,000.00	25.17%
Auditing	15,750.00	19,244.00	30,000.00	52.50%
Compliance	13,869.00	12,848.00	75,000.00	18.49%

ADMINISTRATIVE EXPENSE SUMMARY

Categories	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Utility Services	20,296.00	22,624.00	80,000.00	25.37%
Memberships	4,123.00	5,160.00	50,000.00	8.25%
Office Expenses	8,879.00	6,112.00	30,000.00	29.60%
Uncollectables	5,668.00	6,952.00	30,000.00	18.89%
Miscellaneous Expenses	16,707.00	11,795.00	45,000.00	37.13%
Totals	328,865.00	269,686.00	1,075,000.00	30.59%

ADMINISTRATIVE EXPENSE - CONTINUED

Categories	9/30/2016	9/30/2015	Budget FY 16-17	% of Budget
Wages – Water Treatment	154,949.00	146,138.00	685,000.00	22.62%
Wages – Mains and Services	172,111.00	160,838.00	775,000.00	22.21%
Wages – Customer Accounts	25,662.00	16,110.00	155,000.00	16.56%
Wages - Administrative	245,826.00	241,753.00	1,100,000.00	22.35%
Payroll Taxes	43,692.00	42,351.00	180,000.00	24.27%
Health Insurance - Employees	106,879.00	118,293.00	555,000.00	19.26%
Health Insurance - Retirees	35,760.00	36,726.00	150,000.00	23.84%
CalPERS Contributions	251,207.00	236,279.00	600,000.00	41.87%
OPEB Trust Contributions	105,000.00	105,000.00	420,000.00	25.00%
Totals	1,141,086.00	1,103,488.00	4,620,000.00	24.70%

PERSONNEL EXPENSE SUMMARY

Puente Basin Water Agency Projects	Rowland Water District Projects
<input type="checkbox"/> Cal. Domestic Water Company ❖ \$3,840,683.00	<input type="checkbox"/> Fullerton Grade Separation ❖ \$1,009,684.00
<input type="checkbox"/> Pomona Basin Regional Groundwater ❖ \$927,356.00	<input type="checkbox"/> Nogales Grade Separation ❖ \$750,693.00
<input type="checkbox"/> La Habra Heights Project ❖ \$422,523.00	<input type="checkbox"/> Tomich Booster Station ❖ 98,539.00
Total: \$5,190,526.00	Total: \$1,858,916.00

CAPITAL ASSET SUMMARY

Month	2016	2015	Increase/Decrease Prior Year
April	\$17,437,200.00	\$18,205,754.00	(\$768,554.00)
May	\$16,641,897.00	\$17,417,561.00	(\$775,664.00)
June	\$16,707,866.00	\$17,911,490.00	(\$1,203,624.00)
July	\$16,663,076.00	\$18,396,887.00	(\$1,733,811.00)
August	\$16,652,559.00	\$18,385,876.00	(\$1,733,317.00)
September	\$16,671,783.00	\$17,965,771.00	(\$1,293,988.00)

MONTHLY RESERVES COMPARISON

Tab

2.11

To the Board of Directors
Rowland Water District
Rowland Heights, California

We have audited the financial statements of the Rowland Water District (the District) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 9, 2016 and in our planning communication letter to you also dated August 9, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As discussed in Note 1d to the financial statements, in fiscal year 2015-2016, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the District's financial statements as a result of the implementation of GASB Statement No. 72. No other accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the financial statements were:

- a. When available, management's estimate of the fair value of investments is based on quoted prices in active market. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the District's asset manager from a third party service provider.
- b. Management's estimate of useful lives of capital assets used for depreciation purposes are based on industry standards.
- c. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.
- d. The annual required contributions, OPEB expense, net OPEB obligation and actuarial accrued liability for the District's Other Post-Employment Healthcare Plan are based on certain actuarial assumptions and methods prepared by an outside consultant.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reported in Note 10 regarding the District's defined benefit pension plans, and Note 11 regarding the District's other post-employment benefit plan.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Significant Audit Findings (Continued)

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions – defined benefit pension plan, and the other post employment benefit plan schedule of funding progress, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of other operating expenses and the schedules of general and administrative expenses, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

White Nelson Dick Evans LLP

Irvine, California
November 23, 2016

ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE YEAR ENDED JUNE 30, 2016

ROWLAND WATER DISTRICT

TABLE OF CONTENTS

For the Year Ended June 30, 2016

	<u>Page Number</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Required Supplementary Information)	5 - 15
BASIC FINANCIAL STATEMENTS:	17
Proprietary Fund:	
Statement of Net Position	18 - 19
Statement of Revenues, Expenses and Changes in Net Position	20 - 21
Statement of Cash Flows	22 - 23
Fiduciary Fund:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Basic Financial Statements	29 - 65
REQUIRED SUPPLEMENTARY INFORMATION:	67
Schedule of Proportionate Share of the Net Pension Liability	68
Schedule of Contributions - Defined Benefit Pension Plan	69
Other Post-Employment Benefit Plan - Schedule of Funding Progress	70
OTHER SUPPLEMENTARY INFORMATION:	71
Schedules of Other Operating Expenses	72
Schedules of General and Administrative Expenses	73
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75 - 76

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rowland Water District
Rowland Heights, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Rowland Water District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rowland Water District as of June 30, 2016 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Report on Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of other operating expenses and schedule of general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of other operating expenses and schedule of general and administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of other operating expenses and schedule of general and administrative expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 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.

White Nelson Dick Evans LLP

Irvine, California
November 23, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2016

- The District's total net position increased by \$1,056,908 or 1.78 percent
- During the year, the District's total revenues decreased to \$20,941,930 or 3.21 percent, and total expenses decreased to \$19,885,022 or 4.06%.

Fiscal Year 2015

- The District's total net position decreased by \$1,136,398 or 1.88 percent
- During the year, the District's total revenues decreased to \$21,637,440 or 1.40 percent, and total expenses decreased to \$20,727,582 or 8.03%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the Financial Statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past two years and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of the statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides 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.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT

Our analysis of the District begins on page 18 of the Financial Statements. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These statements report the net position of the District and changes in them. You can think of the District's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the District's Net Position is presented in Table 1.

TABLE 1
Condensed Statements of Net Position

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change
Assets:			
Current, restricted and other	48,988,665	49,338,573	\$ (349,908)
Capital assets	58,752,386	58,321,956	430,430
Total Assets	<u>107,741,051</u>	<u>107,660,529</u>	<u>80,522</u>
Liabilities:			
Current liabilities	3,993,955	4,542,981	(549,026)
Noncurrent liabilities	43,231,814	43,659,174	(427,360)
Total Liabilities	<u>47,225,769</u>	<u>48,202,155</u>	<u>(976,386)</u>
Net Position:			
Net investment in capital assets	37,325,615	36,828,271	497,344
Restricted	-	-	-
Unrestricted	23,189,667	22,630,103	559,564
Total Net Position	<u>\$ 60,515,282</u>	<u>\$ 59,458,374</u>	<u>\$ 1,056,908</u>

As can be seen from Table 1, total assets increased \$80,522 from fiscal year 2015 to 2016. Total Net Position saw an increase of \$1,056,908 or 1.78% from the previous fiscal year.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

A further review shows total liabilities decreased by \$976,386 or 2.03% from fiscal year 2015 to 2016. There were two main reasons for this decrease. The first being the District's continual paying down of the principal of its two bond obligations. The 2012 Series A Water Revenue Bonds and 2014A Water Revenue Refunding Bonds saw a \$999,253 reduction in the liability. The 2012 Series A Water Revenue Bonds decreased by \$447,339 and the 2014A Water Revenue Refunding Bonds decreased by \$551,914. The second would be the continued reduction in the District's net OPEB obligation. This amounted to \$148,664 of the reduction. As the District continues to fund its OPEB Trust, the goal would be for the liability to continue to be reduced each year. The ultimate goal would be for the District to have complete funding of its OPEB Unfunded Actuarial Accrued Liability.

Large projects completed during fiscal year 2016 included:

Reservoir 13 Rehabilitation: Rowland Water District determined through inspections that Reservoir 13 was in need of safety, sanitary and security upgrades along with a complete interior and exterior recoating. Reservoir 13 is located at 18940 Granby Place Rowland Heights, California 91748. Advanced Industrial Services was awarded the project thru a bid process and authorized to make the necessary coating repairs and upgrades. Safety, sanitary and security enhancements included the addition of extended handrails along the roof, installation of security locks on all exterior hatches, safety gate, fall prevention cable and modifications to both interior and exterior ladders. The entire interior coating system was removed to Near White Metal before being coated with a multi-coat epoxy system. The entire exterior coating system was Brush-off Blast cleaned before being coated with an epoxy primer and a urethane top coat.

Reservoir 16 Rehabilitation: Rowland Water District determined through inspections that Reservoir 16 was in need of safety, sanitary and security upgrades along with a complete interior and exterior recoating. Reservoir 13 is located at 3070 Blandford Drive Rowland Heights, CA 91748. Advanced Industrial Services was awarded the project thru a bid process and authorized to make the necessary coating repairs and upgrades. Safety, sanitary and security enhancements included the addition of extended handrails along the roof, installation of security locks on all exterior hatches, safety gate, fall prevention cable and modifications to both interior and exterior ladders. The entire interior coating system was removed to Near White Metal before being coated with a multi-coat epoxy system. The entire exterior coating system was Brush-off Blast cleaned before being coated with an epoxy primer and a urethane top coat.

ROWLAND WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

TABLE 2

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change
Revenues:			
Operating revenues	\$ 19,665,042	\$ 20,664,408	\$ (999,366)
Nonoperating revenues	1,276,888	973,032	303,856
Total Revenues	<u>20,941,930</u>	<u>21,637,440</u>	<u>(695,510)</u>
Expenses:			
Operating expenses	18,291,761	18,759,821	(468,060)
Nonoperating expenses	1,593,261	1,967,761	(374,500)
Total Expenses	<u>19,885,022</u>	<u>20,727,582</u>	<u>(842,560)</u>
Income (loss) before Capital Contributions	1,056,908	909,858	147,050
Capital contributions	<u>-</u>	<u>560</u>	<u>(560)</u>
Change in Net Position	1,056,908	910,418	146,490
Beginning Net Position	<u>59,458,374</u>	<u>60,594,772</u>	<u>(1,136,398)</u>
Restatement		<u>(2,046,816)</u>	<u>2,046,816</u>
Beginning Net Position, as Restated	<u>59,458,374</u>	<u>58,547,956</u>	<u>910,418</u>
Ending Net Position	<u>\$ 60,515,282</u>	<u>\$ 59,458,374</u>	<u>\$ 1,056,908</u>

While the Statements of Net Position show the change in financial position, the Statements of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of these changes. As can be seen in Table 2, an increase in ending net position of \$1,056,908 occurred fiscal year 2016.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

A closer examination of the source of changes in Net Position reveals that the District's total revenues decreased by \$695,510 or 3.21% in fiscal year 2016. Of this amount, operating revenues decreased by \$999,366 or 4.84% and its nonoperating revenues increased by \$303,856 or 31.23% in the past fiscal year. The main factor attributing to the decrease in operating revenues was a decrease in water sales. The District has been encouraging and enforcing water conservation for the entire fiscal year due to drought conditions in California. The majority of the increase in nonoperating revenue was from the District seeing a significant gain from its Investment in Joint Ventures. The District saw Joint Venture gains of \$407,016 with \$392,615 being derived from Puente Basin Water Agency.

The District's total water sales decrease from approximately 10,760 acre feet in fiscal year 2014-2015 to 9,780 acre feet in fiscal year 2015-2016. The reduction in revenue would have been more significant if not for a rate increase that became effective on January 1, 2017. The base rate increased \$0.06 from \$2.71 to \$2.77 or 2.21% for potable customers. Water usage over 16 hcf is charged at a higher rate. The recycled water rate increased \$0.05 from \$1.66 to \$1.71 or 3.01%. The District promotes the use of recycled water so there is no tiered rate for excess usage. The monthly service charge for standard 5/8" to 3/4" meters increased \$0.16 from \$24.96 to \$25.12 or 0.64%. The District continues to use a tiered rate structure that was implemented in January 2009. The tiered rates as of January 2017 for Zone 1 were a base rate of \$2.77 for 1-16 hcf, \$3.19 for 17-23 hcf, and \$4.02 for 24+ hcf. The rates increase approximately five to seven percent as you reach Zone 2 through Zone 6. The District has six different pumping zones. Pumping charges cover the energy costs to pump water to each zone of elevation over Zone 1. The additional pumping costs is added to the base rate if the property resides in Zone 2 through Zone 6. The pumping charges vary from \$0.22 in Zone 2 up to \$0.37 for Zone 6.

Nonoperating revenues increased in fiscal year 2016. The District saw interest and dividend income of \$352,137, property tax revenues of \$327,836, and gain from investments in joint ventures of \$407,016. Gain from investment in joint ventures is mainly attributed to the District participating in the Puente Basin Water Agency. In 2016, PBWA received income from a state grant and revenue from both the lease and sale of water. The District had cash and investments totaling \$29,262,199 ending fiscal year 2016, a decrease of \$1,461,072 from fiscal year 2015. The main cause of the decrease was District projects in conjunction with Puente Basin Water Agency (PBWA) being still in progress and District bond funds being used to fund these projects. The District's cash and investments are held cash, short-term certificate of deposits (CD's), money market mutual funds, government bonds and treasury bills. A comparison for these types of investments can be the State of California Local Agency Investment Fund (LAIF). LAIF saw its yield increase from 0.30% in fiscal year 2015 to 0.58% ending fiscal year 2016.

While total operating revenues decreased by \$999,366 or 4.84%, operating expenses decreased by \$468,060 or 2.50%. This resulted in a change in net position of \$1,056,908 in fiscal year 2016. While the District saw total revenues decrease by \$695,510 from fiscal year 2015, Source of Supply costs decreased \$683,917 or 7.11% from fiscal year 2015. Source of Supply include the cost of potable and reclaimed water along with MWD and TVMWD fixed charges.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

The average cost of an acre foot of water increased to \$899.00 in 2015 to \$918.00 in 2016. Fixed charges increased \$50,901 or 16.82% from fiscal year 2015 to 2016. General and administrative expense saw an increase of \$53,781 or 1.34%. Depreciation for fiscal year 2016 was \$2,191,832. The District does continue to fund depreciation of Rowland Water District assets through its rates and charges.

BUDGETARY HIGHLIGHTS

TABLE 3
Budget vs. Actual

	Fiscal Year 2016		
	Actual	Budget	Variance
Revenues:			
Operating revenues	\$ 19,665,042	\$ 21,875,000	\$ (2,209,958)
Nonoperating revenues	1,276,888	575,000	701,888
Total Revenues	<u>20,941,930</u>	<u>22,450,000</u>	<u>(1,508,070)</u>
Expenses:			
Operating Expenses:			
Source of supply	9,616,789	10,695,000	1,078,211
Pumping and power	920,439	1,085,000	164,561
Transmission and distribution	1,124,026	1,080,000	(44,026)
Customer services	62,916	155,000	92,084
Depreciation expenses	2,191,832	-	(2,191,832)
Other operating expenses	312,953	320,000	7,047
General and administrative expenses	4,062,806	4,185,000	122,194
Total Operating Expenses	<u>18,291,761</u>	<u>17,520,000</u>	<u>(771,761)</u>
Nonoperating expenses	<u>1,593,261</u>	<u>2,450,000</u>	<u>856,739</u>
Total Expenses	<u>19,885,022</u>	<u>19,970,000</u>	<u>84,978</u>
Capital Contributions	-	-	-
Change in Net Position	<u>\$ 1,056,908</u>	<u>\$ 2,480,000</u>	<u>\$ (1,423,092)</u>

In looking at Table 3, Budget vs. Actual, the discrepancy in change in Net position over budgeted change in net position and change in net position is \$1,423,092. Total Revenues shows a negative variance of \$1,508,070. Total operating expenses saw a negative variance of \$771,761 when depreciation is included. Depreciation is not a direct expense to the District and funds are collected through rates and charges to fund it. Nonoperating expenses saw a positive variance of \$856,739.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2016, the District had invested \$58,752,386 in a broad range of Infrastructure as shown in Table 4.

TABLE 4
Capital Assets

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change
Capital assets, not being depreciated:			
Land	\$ 261,340	\$ 261,340	\$ -
Water rights	5,000	5,000	-
Construction in progress	1,131,918	1,162,307	(30,389)
Total capital assets, not being depreciated	<u>1,398,258</u>	<u>1,428,647</u>	<u>(30,389)</u>
Capital assets, being depreciated:			
Intangible plant	1,022,551	1,022,551	-
Sources of supply plant	2,076,956	2,076,956	-
Pumping plant	10,037,819	10,037,819	-
Transmission and distribution plant	65,121,932	63,116,434	2,005,498
Telemetry equipment	1,489,671	1,354,235	135,436
General plant	570,451	570,451	-
Office building and equipment	6,501,662	6,108,622	393,040
Transportation equipment	964,037	888,066	75,971
Communication equipment	133,902	133,902	-
Total capital assets, being depreciated	87,918,981	85,309,036	2,609,945
Less accumulated depreciation	<u>(30,564,853)</u>	<u>(28,415,727)</u>	<u>(2,149,126)</u>
Total capital assets, being depreciated, net	<u>57,354,128</u>	<u>56,893,309</u>	<u>460,819</u>
Total capital assets, net	<u>\$ 58,752,386</u>	<u>\$ 58,321,956</u>	<u>\$ 430,430</u>

Additional information on the District's capital assets can be found in Note 4 of the notes to basic financial statements.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At the end of fiscal year 2016, the District had noncurrent liabilities totaling \$43,231,814 as shown in Table 5.

TABLE 5
Noncurrent Liabilities

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change
Refunding Bond Series 2014A	\$ 20,112,026	\$ 20,673,940	\$ (561,914)
Certificates of Participation, net	-	-	-
Installment Purchase Contract payable, net	19,656,215	20,118,554	(462,339)
Compensated absences	294,658	255,689	38,969
Net Pension Liability	3,048,469	2,341,881	706,588
Net OPEB obligation	120,446	269,110	(148,664)
	<u>\$ 43,231,814</u>	<u>\$ 43,659,174</u>	<u>\$ (427,360)</u>

The District currently has five sources of Noncurrent Liabilities in 2016. The Refunding Bond series 2014A is a refunding of the Certificate of Participation (COP) issued January 2009 that were used for the expansion of the District's Recycled Water System. The goal is to lower the dependence on import water by producing recycled water at a lower cost. Recycled water can be used for irrigation at schools, parks, industrial buildings, etc. In November 2012, the District entered into an installment purchase contract with Puente Basin Water Agency in order to finance the acquisition of certain water system improvements. The liability is payable over the next thirty years. The increase in compensated absences is attributed to more accrued sick and vacation time being due to current employees. The liabilities would have to be paid at the employee's retirement or separation from service. Net Pension Liability is the District portion of the unfunded accrued liability attributed to the CalPERS pooled pension plan the District is a member. Accrued net OPEB obligations refer to Other Post Employment Benefits that would be owed to employees upon retirement for medical insurance. The Accrued net OPEB obligation is the difference between the actuarially-determined annual required contribution and the actual contributions made. The District currently funds these expenses on a pay-as-you-go basis, but is funding a GASB 45 trust to help offset the future cost of Other Post-Employment Benefits. This amount should continue to be lower as the District continues to fund its OPEB trust.

Additional information on the District's noncurrent liabilities can be found in Notes 6 - 9 and 11 of the notes to basic financial statements.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when setting the fiscal year 2016 Budget, user fees, and charges. A projection is made on the amount of acre feet of water that will be purchased and sold. The District also looks at the increase in the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Most are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as Automobile and Truck Expenses or Workers' Compensation Insurance. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected.

TABLE 6
Fiscal Year 2016 Budget vs. Fiscal Year 2016 Actual

	Fiscal Year 2016 Actual	Fiscal Year 2017 Budget	Variance
Revenues:			
Operating revenues	\$ 19,665,042	\$ 20,250,000	\$ 584,958
Nonoperating revenues	1,276,888	575,000	(701,888)
Total Revenues	<u>20,941,930</u>	<u>20,825,000</u>	<u>(116,930)</u>
Expenses:			
Operating Expenses:			
Source of supply	9,616,789	9,725,000	(108,211)
Pumping and power	920,439	1,135,000	(214,561)
Transmission and distribution	1,124,026	1,225,000	(100,974)
Customer services	62,916	155,000	(92,084)
Depreciation expenses	2,191,832	-	2,191,832
Other operating expenses	312,953	350,000	(37,047)
General and administrative expenses	4,062,806	4,685,000	(622,194)
Total Operating Expenses	<u>18,291,761</u>	<u>17,275,000</u>	<u>1,016,761</u>
Nonoperating expenses	1,593,261	2,450,000	(856,739)
Total Expenses	<u>19,885,022</u>	<u>19,725,000</u>	<u>160,022</u>
Capital Contributions	-	-	-
Change in Net Position	<u>\$ 1,056,908</u>	<u>\$ 1,100,000</u>	<u>\$ 43,092</u>

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

CONTACTING THE DISTRICT'S FINANCIAL OFFICER

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Sean S. Henry, Finance Officer, Rowland Water District.

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BASIC FINANCIAL STATEMENTS

ROWLAND WATER DISTRICT
STATEMENT OF NET POSITION

June 30, 2016

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,343,634
Investments	14,688,703
Accounts receivable, net of allowance for doubtful accounts of \$30,000	2,614,651
Interest receivable	37,676
Supply inventories	115,816
Water in storage	61,590
Prepaid items	39,118

TOTAL CURRENT ASSETS	19,901,188
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RESTRICTED ASSETS:

Cash and cash equivalents	617,535
Investments	9,300,748

TOTAL RESTRICTED ASSETS	9,918,283
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CAPITAL ASSETS:

Capital assets, not being depreciated	1,398,258
Capital assets, being depreciated, net	57,354,128

TOTAL CAPITAL ASSETS, NET	58,752,386
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OTHER NONCURRENT ASSETS:

Investment in joint ventures	14,982,501
------------------------------	------------

TOTAL ASSETS	103,554,358
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred amounts from pension plans	691,225
Deferred amounts on refunding	3,495,468

TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,186,693
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(Continued)

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT
STATEMENT OF NET POSITION
(CONTINUED)

June 30, 2016

LIABILITIES:

CURRENT LIABILITIES (PAYABLE FROM
UNRESTRICTED ASSETS):

Accounts payable	\$ 2,032,016
Interest payable	131,304
Current portion of installment purchase contract payable	410,000
Current portion of 2014A refunding bonds payable	495,000
	<u>3,068,320</u>

CURRENT LIABILITIES (PAYABLE FROM
RESTRICTED ASSETS):

Retentions payable	-
Refundable customer deposits	182,577
Unearned construction advances	390,307
	<u>572,884</u>

TOTAL CURRENT LIABILITIES	<u>3,641,204</u>
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NONCURRENT LIABILITIES:

Compensated absences	294,658
Net OPEB obligation	120,446
Installment purchase contract payable	19,656,215
2014A refunding bonds payable	20,112,026
Net pension liability	3,048,469
	<u>43,231,814</u>

TOTAL NONCURRENT LIABILITIES	<u>43,231,814</u>
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TOTAL LIABILITIES	<u>46,873,018</u>
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DEFERRED INFLOWS OF RESOURCES:

Deferred amounts from pension plans	352,751
	<u>352,751</u>

NET POSITION:

Net investment in capital assets	37,325,615
Unrestricted	23,189,667
	<u>60,515,282</u>

TOTAL NET POSITION	<u>\$ 60,515,282</u>
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See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the year ended June 30, 2016

OPERATING REVENUES:

Water sales:	
Residential	\$ 6,831,066
Business	5,132,977
Public entities	204,311
Industrial	20,472
Reclaimed water	624,313
Other	67,249
	<hr/>
Total water sales	12,880,388

Water services:

Water service charges	6,090,233
Nonrefundable new service fees	43,225
New service connection fees	334,630
Reconnection fees	20,310
Customer penalties	199,124
Other	97,132
	<hr/>
Total water services	6,784,654

TOTAL OPERATING REVENUES	<hr/> 19,665,042
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OPERATING EXPENSES:

Source of supply	9,616,789
Pumping and power	920,439
Transmission and distribution	1,124,026
Customer services	62,916
Depreciation expense	2,191,832
Other operating expenses	312,953
General and administrative expenses	4,062,806
	<hr/>

TOTAL OPERATING EXPENSES	<hr/> 18,291,761
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OPERATING INCOME	<hr/> 1,373,281
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(Continued)

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(CONTINUED)

For the year ended June 30, 2016

NONOPERATING REVENUES (EXPENSES):

Investment income:

Interest and dividend income	\$ 352,137
Realized and unrealized gains (losses) on investments, net	(14,972)
Property tax revenues	327,836
Miscellaneous income	65,507
Rental income	139,364
Interest expense	(1,564,669)
Amortization of debt premium/(discount)	(28,592)
Gain from investment in joint ventures	407,016

TOTAL NONOPERATING REVENUES (EXPENSES)	(316,373)
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CHANGE IN NET POSITION	1,056,908
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NET POSITION - BEGINNING OF YEAR	59,458,374
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NET POSITION - END OF YEAR	\$ 60,515,282
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See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 19,654,246
Cash payments to suppliers for goods and services	(13,908,706)
Cash payments to employees for services	<u>(2,561,178)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,184,362</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from property taxes	327,836
Other receipts	<u>65,507</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>393,343</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(2,622,262)
Receipt of deferred construction advances	576,566
Acquisition of assets through deferred construction advances	(443,176)
Principal payments on debt	(880,000)
Interest paid	(1,564,652)
Rental income	<u>139,364</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,794,160)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Contributions to joint ventures	(1,008,470)
Purchases of investments	(5,825,663)
Proceeds from sale of investments	6,345,977
Investment income	<u>344,788</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(143,368)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,359,823)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,320,991</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,961,168</u></u>

See accompanying notes to basic financial statements.

(Continued)

ROWLAND WATER DISTRICT
 STATEMENTS OF CASH FLOWS
 (CONTINUED)

For the year ended June 30, 2016

RECONCILIATION OF OPERATING INCOME TO NET
 CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 1,373,281
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,191,832
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(11,338)
(Increase) decrease in supply inventories	2,418
(Increase) decrease in water in storage	(18,181)
(Increase) decrease in prepaid items	8,797
(Increase) decrease in escrow deposits	104,528
(Increase) decrease in deferred outflows of resources from pension plans	(356,435)
Increase (decrease) in accounts payables	(169,828)
Increase (decrease) in retentions payable	(104,528)
Increase (decrease) in refundable customer deposits	542
Increase (decrease) in compensated absences	38,969
Increase (decrease) in accrued net OPEB obligation	(148,664)
Increase (decrease) in net pension liability	706,588
Increase (decrease) in deferred inflows of resources from pension plans	<u>(433,619)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,184,362</u>
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NONCASH CAPITAL AND RELATED
 FINANCING ACTIVITIES:

Amortization of debt premiums/discounts and deferred amount on refunding	<u>\$ 28,592</u>
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NONCASH INVESTING ACTIVITIES:

Gain (loss) from investment in joint ventures	<u>\$ 407,016</u>
Contributions to joint ventures	<u>\$ 2,432,129</u>

See accompanying notes to basic financial statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

ROWLAND WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	<u>Other Post-Employment Benefit (OPEB) Trust Fund</u>
ASSETS:	
Investments	<u>\$ 2,311,579</u>
 TOTAL ASSETS	 <u>2,311,579</u>
 NET POSITION:	
Held in trust for OPEB benefits	<u>2,311,579</u>
 TOTAL NET POSITION	 <u><u>\$ 2,311,579</u></u>

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2016

	Other Post-Employment Benefit (OPEB) Trust Fund
ADDITIONS:	
Employer contributions	\$ 420,000
Investment income	19,062
	<hr/>
TOTAL ADDITIONS	439,062
	<hr/>
DEDUCTIONS:	
Distributions	-
Administrative expense	5,024
	<hr/>
TOTAL DEDUCTIONS	5,024
	<hr/>
CHANGE IN NET POSITION	434,038
	<hr/>
NET POSITION - BEGINNING OF YEAR	1,877,541
	<hr/>
NET POSITION - END OF YEAR	\$ 2,311,579
	<hr/> <hr/>

See accompanying notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Nature of Organization:

The Rowland Water District (the District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform from a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry and City of West Covina. The service area's population is approximately 60,000.

b. Basis of Presentation:

The District's activities, other than those that are fiduciary in nature, are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's fiduciary activities related to its other post-employment benefit (OPEB) plan are accounted for in a fiduciary fund.

c. Measurement Focus and Basis of Accounting:

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying proprietary fund financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Measurement Focus and Basis of Accounting (Continued):

Fiduciary Funds:

The fiduciary fund financial statements are accounted for using the economic resources measurement focus and accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents increases (additions) and decreases (deductions) in total fiduciary net position. Under the accrual basis of accounting, additions are reported when earned and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

d. New Accounting Pronouncements:

GASB Current Year Standards:

In fiscal year 2015-2016, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application"*. GASB Statement No. 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the District's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, was required to be implemented in the current fiscal year, except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the District.

GASB Statement No. 76 - *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, was required to be implemented in the current fiscal year and did not impact the District.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

GASB Current Year Standards (Continued):

GASB Statement No. 79 - "*Certain External Investment Pools and Pool Participants*", was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the District.

GASB Statement No. 82, "*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*", changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

GASB Pending Accounting Standards:

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future.

- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 77 - "*Tax Abatement Disclosure*", effective for periods beginning after December 15, 2015.
- GASB 78 - "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", effective for periods beginning after December 15, 2015.
- GASB 79 - "*Certain External Investment Pools and Pool Participants*", the certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

GASB Pending Accounting Standards (Continued):

- GASB 81 - “*Irrevocable Split-Interest Agreements*”, effective for periods beginning after December 15, 2016.
- GASB 82 - “*Pension Issues*”, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

e. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to the pension plans equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to the pension plans for annual changes in employer’s proportion and differences between employer contributions and the proportionate share of contributions. Each annual amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans, which is 3.8 years.
- Deferred outflows related to pensions for annual differences between actual and expected experiences. Each annual amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans, which is 3.8 years.
- Deferred amount on refunding. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the life of the refunding debt, which is 26 years.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to the pension plans for annual changes in employer's proportion and differences between employer contributions and the proportionate share of contributions. Each annual amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans, which is 3.8 years.
- Deferred inflows related to the pension plans resulting from the annual differences in projected and actual earnings on investments of the pension plan fiduciary net position. Each annual amount is amortized over five years.
- Deferred inflows from pensions resulting from annual changes in assumptions. Each annual amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans, which is 3.8 years.

f. Net Position:

Net position of the District can be classified into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Net Position (Continued):

- Restricted net position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

g. Uniform System of Accounts for Water Utility Districts:

The District follows the procedures and policies described by the Controller of the State of California for uniform system of accounts for nonprofit water utility districts.

h. Operating Revenues and Expenses:

Operating revenues, such as water sales and services, 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. Nonoperating revenues, such as property taxes and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets.

i. Cash and Cash Equivalents:

For purposes of the statements of cash flows, cash and cash equivalents have been defined as unrestricted demand deposits and highly liquid investments with maturity of three months or less at date of purchase.

j. Investments:

Investments are reported at the fair value, which represents 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. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Restricted Assets:

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

l. Accounts Receivable:

The District grants unsecured credit to its customers. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past due accounts.

m. Inventories and Water in Storage:

Supply inventories maintained by the District consist primarily of water meters and accessories, water pipes, valves and various fittings. Inventories are valued at cost using the first-in, first-out (FIFO) method. Water in storage is valued at average cost.

n. Capital Assets and Depreciation:

Capital assets are stated at cost, net of accumulated depreciation. District policy has set the capitalization threshold for reporting capital assets at \$2,500. Depreciation is recorded on the straight-line basis over the estimated useful lives as follows: 5 years for computers, vehicles, office equipment and furniture; 10 years for forklifts; 15 years for hydrants; 20 years for meters; and, 75 years for mains. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized.

o. Capitalized Interest:

The District incurred interest charges on long-term debt totaling \$1,564,669 for the year ended June 30, 2016. No interest has been capitalized as additions to the cost of construction for the year ended June 30, 2016.

p. Restricted Liabilities:

Certain liabilities which are currently payable have been classified as current liabilities payable from restricted assets and assets have been restricted for their payment.

q. Unearned Construction Advances and Capital Contributions:

Construction advances from developers are unearned during the period of construction. When a project is completed, the applicable revenues earned are allocated to the contributed capital. Also, capital contributions represent cash and utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

r. Property Taxes:

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 10 Second Installment - February 10
Delinquent Date:	First Installment - December 10 Second Installment - April 10

s. Compensated Absences:

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

t. Claims and Judgments:

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its participation in the Joint Power Insurance Authority program. At June 30, 2016, in the opinion of the District's legal counsel, the District had no material claims which would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenses when paid.

u. Pensions:

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

v. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2016 are reported in the accompanying statements of net position as follows:

	Government Wide Statement of <u>Net Position</u>	Fiduciary Fund Statement of <u>Net Position</u>	<u>Total</u>
Financial Statement Classification:			
Unrestricted:			
Cash and cash equivalents	\$ 2,343,634	\$ -	\$ 2,343,634
Investments	14,688,703	2,311,579	17,000,282
Restricted:			
Cash and cash equivalents	617,535	-	617,535
Investments	<u>9,300,748</u>	<u>-</u>	<u>9,300,748</u>
 Total Cash and Investments	 <u>\$ 26,950,620</u>	 <u>\$ 2,311,579</u>	 <u>\$ 29,262,199</u>

Cash and investments as of June 30, 2016 consisted of the following:

	<u>District Funds</u>	<u>OPEB Trust</u>	<u>Total</u>
Cash on hand	\$ 400	\$ -	\$ 400
Demand deposits	887,623	-	887,623
Investments	<u>26,062,597</u>	<u>2,311,579</u>	<u>28,374,176</u>
 Total cash and investments	 <u>\$ 26,950,620</u>	 <u>\$ 2,311,579</u>	 <u>\$ 29,262,199</u>

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

The table below identifies the investment types that are authorized for the District by 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. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the District's Investment Policy (Continued):

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5 years	30%	5%
CD Placement Service	5 years	30%	None
Bankers Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1 year	None	None
Commercial Paper	270 days	25%	10%
Medium-term Notes	5 years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Bank/Time Deposits	5 years	None	None

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

N/A - Not Applicable

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored Agency Securities:			
Federal Home Loan Bank (FHLB)	None	None	None
Federal Home Loan Mortgage Corporation (FHLMC)	None	None	None
Federal National Mortgage Association (FNMA)	None	None	None
Federal Farm Credit Bank (FFCB)	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1 year	None	None
Medium-term Notes	3 years	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

N/A - Not Applicable

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2016.

Investment Type	Remaining Maturity (in Years)				Fair Value Total
	Less Than 1 year	1 to 2 Years	2 to 3 Years	3 to 5 Years	
District Investments:					
U.S. Treasury Notes	\$ 751,331	\$ 450,781	\$ 3,153,544	\$ -	\$ 4,355,656
U.S. Government Sponsored Agency Securities:					
FFCB	-	-	242,614	-	242,614
FHLMC	968,981	1,192,099	556,641	-	2,717,721
FNMA	1,434,442	3,239,074	250,216	254,803	5,178,535
Negotiable CD	1,084,609	611,845	-	-	1,696,453
Non-Negotiable CD	498,000	-	-	-	498,000
LAIF	1,928,931	-	-	-	1,928,931
Money Market Mutual Funds	99,564	-	-	-	99,564
Held by Trustee:					
U.S. Treasury Notes	1,420,740	1,000,940	-	-	2,421,680
U.S. Government Sponsored Agency Securities:					
FHLMC	985,635	2,008,089	-	-	2,993,724
FNMA	1,475,072	-	-	-	1,475,072
LAIF	44,680	-	-	-	44,680
Money Market Mutual Funds	2,409,967	-	-	-	2,409,967
OPEB Trust Investments:					
PARS Trust Pool	2,311,579	-	-	-	2,311,579
	<u>\$ 15,413,531</u>	<u>\$ 8,502,828</u>	<u>\$ 4,203,015</u>	<u>\$ 254,803</u>	<u>\$28,374,176</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk (Continued):

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the Districts investments as of June 30, 2016. U.S. treasury notes and bills are not required to be rated and, therefore, have been excluded from the tables below.

Investment	Minimum Legal Rating	Total as of June 30, 2016	AAA	AA+	Not rated
District Investments:					
U.S. Government					
Sponsored Agency Securities:					
FFCB	N/A	\$ 242,614	\$ -	\$ 242,614	\$ -
FHLMC	N/A	2,717,721	-	2,717,721	-
FNMA	N/A	5,178,535	-	5,178,535	-
Negotiable CD	N/A	1,696,453	1,696,453	-	-
Non-negotiable CD	N/A	498,000	-	-	498,000
LAIF	N/A	1,928,931	-	-	1,928,931
Money Market Mutual Funds	A	99,564	99,564	-	-
Held by Trustee:					
U.S. Government					
Sponsored Agency Securities:					
FHLMC	N/A	2,993,724	-	2,993,724	-
FNMA	N/A	1,475,072	-	1,475,072	-
LAIF	N/A	44,680	-	-	44,680
Money Market Mutual Funds	A	2,409,967	2,409,967	-	-
OPEB Trust Investments:					
PARS Trust Pool	N/A	2,311,579	-	-	2,311,579
		<u>\$ 21,596,840</u>	<u>\$ 4,205,984</u>	<u>\$ 12,607,666</u>	<u>\$ 4,783,190</u>

Concentration of Credit Risk:

Investments in any one issuer that represents 5% or more of total District's investments are as follows:

Issuer	Investment Type	
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	\$5,711,445
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$6,653,607

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District 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, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2016, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investment in State Investment Pool:

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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.

Investments - Other Post-Employment Benefit (OPEB) Trust:

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's other post-employment benefit (OPEB) health plan. The OPEB Trust's specific cash and investments are managed by a third-party portfolio manager and invested under a pool arrangement using certain investment guidelines offered by PARS and approved by the District.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investments - Other Post-Employment Benefit (OPEB) Trust (Continued):

Those investment guidelines approved by the District are as follows:

Risk Tolerance:	Moderate
Time Horizon:	Long-Term
Income or Liquidity Needs:	As Requested
Account of Trust Restrictions:	None
Unique Needs and Circumstances:	None
Investment Objective:	Moderate Index Plus
Strategic Ranges:	0% - 20% Cash 40% - 60% Fixed Income 40% - 60% Equity

Acceptable Investments:

The following is a list of acceptable investments:

Equity Securities:	Fixed Income Mutual Funds:
Domestic	Corporate
American Depository Receipts (ADRs)	Government
Equity Mutual Funds:	High Yield
Large Cap Growth and Value	International and Emerging Market
Mid Cap Core	Convertible
Small Cap Growth and Value	Preferred
International and Emerging Markets	Closed End Funds
REITs	Cash and Cash Equivalents:
Exchange Traded Funds (ETFs)	Money Market Mutual Fund
Fixed Income Securities:	Commercial Paper
Government/Agencies	CDs and Bankers Acceptance
Mortgage Backed Bonds	
Corporate Bonds and Notes	
Unit Trusts	

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investments - Other Post-Employment Benefit (OPEB) Trust (Continued):

Fixed Income Guidelines:

The fixed income guidelines consist of (a) the long-term fixed income investments (greater than seven years in maturity) shall constitute no more than 20%, and as little as 0% of the total Plan assets, (b) the intermediate-term fixed income investments (between three and seven years in maturity) shall constitute no more than 60%, nor less than 20% of the total Plan assets, (c) the high-yield portion of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets, (d) the convertible bond exposure shall constitute no more than 10%, and as little as 0% of the total Plan assets, and (e) the short-term fixed income investments (between one and three years in maturity) shall constitute no more than 20%, and as little as 0% of the total Plan assets.

Equity Guidelines:

The equity guidelines consist of (a) the domestic large cap equity investments of the Plan shall constitute no more than 50% nor less than 20% of the total Plan assets, (b) the domestic mid-capitalization equity investments of the Plan shall constitute no more than 20%, and as little as 0% of the total Plan assets, (c) the domestic small capitalization equity investments of the Plan shall constitute no more than 20%, nor less than 0% of the total Plan assets, (d) the international equity investments of the Plan shall constitute no more than 20% and as little as 0% of the total Plan assets, and (e) the real estate investments of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets.

Fair Value Measurements:

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the District's management. District management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management's perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the District to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by District's asset manager from third party service provider.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The District has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Notes	\$ -	\$ 4,355,656	\$ -	\$ 4,355,656
U.S. Government Sponsored				
Agency Securities:				
FFCB	-	242,614	-	242,614
FHLMC	-	2,717,721	-	2,717,721
FNMA	-	5,178,535	-	5,178,535
Negotiable CD	-	1,696,453	-	1,696,453
Held by Trustee:				
U.S. Treasury Notes	-	2,421,680	-	2,421,680
U.S. Government Sponsored				
Agency Securities:				
FHLMC	-	2,993,724	-	2,993,724
FNMA	-	1,475,072	-	1,475,072
Total Investments	<u>\$ -</u>	<u>\$ 21,081,455</u>	<u>\$ -</u>	<u>21,081,455</u>
Investments not subject to hierarchy:				
LAIF				1,928,931
Money Market Mutual Funds				99,564
Held By Trustee:				
LAIF				44,680
Money Market Mutual Funds				2,409,967
OPEB Trust:				
PARS Trust Pool				<u>2,311,579</u>
Total Investments				<u>\$ 27,876,176</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

3. RESTRICTED ASSETS:

Restricted assets were provided by, and are to be used for, the following:

<u>Funding Source</u>	<u>Use</u>	<u>June 30, 2016</u>
Deposits from customers	Security deposits for payment of utility bills	\$ 182,577
Customer advances	Construction	390,307
Bond proceeds	Construction projects	<u>9,345,399</u>
		<u>\$ 9,918,283</u>

4. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	-	-	5,000
Construction in progress	<u>1,162,307</u>	<u>1,599,299</u>	<u>(1,629,688)</u>	<u>1,131,918</u>
Total capital assets, not being depreciated	<u>1,428,647</u>	<u>1,599,299</u>	<u>(1,629,688)</u>	<u>1,398,258</u>
Capital assets, being depreciated:				
Intangible plant	1,022,551	-	-	1,022,551
Sources of supply plant	2,076,956	-	-	2,076,956
Pumping plant	10,037,819	-	-	10,037,819
Transmission and distribution plant	63,116,434	2,005,496	-	65,121,930
Telemetry equipment	1,354,235	135,437	-	1,489,672
General plant	570,451	-	-	570,451
Office building and equipment	6,108,622	393,040	-	6,501,662
Transportation equipment	888,066	118,678	(42,706)	964,037
Communication equipment	<u>133,902</u>	<u>-</u>	<u>-</u>	<u>133,902</u>
Total capital assets, being depreciated	85,309,036	2,652,651	(42,706)	87,918,981
Less accumulated depreciation	<u>(28,415,727)</u>	<u>(2,191,832)</u>	<u>42,706</u>	<u>(30,564,853)</u>
Total capital assets, being depreciated, net	<u>56,893,309</u>	<u>(460,819)</u>	<u>-</u>	<u>57,354,128</u>
Total capital assets, net	<u>\$ 58,321,956</u>	<u>\$ 2,060,118</u>	<u>\$ (1,629,688)</u>	<u>\$ 58,752,386</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

5. INVESTMENT IN JOINT VENTURES:

Puente Basin Water Agency:

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the government code of the State of California. The Agency was organized for the purpose of protection and utilization of the local, imported and reclaimed water supply within the Puente Basin. The Agency is governed by a four-member appointed Board of Commissioners. Each District appoints two members to this Board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The District records its investment in the Puente Basin Water Agency as an other noncurrent asset, Investment in Joint Ventures. The changes in its investment in Puente Basin Water Agency consisted of the following as of June 30, 2016:

Beginning of year	\$ 10,450,257
Contributions*	3,440,599
Share of income	<u>392,615</u>
End of year	<u>\$ 14,283,471</u>

*Contributions contains a value of water in storage transferred from the District to the Agency during the year, totaling \$2,432,129.

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2016 including the participants' approximate percentage shares:

	<u>Amount</u>	<u>Walnut Valley Water District</u>	<u>Rowland Water District</u>
Total assets	\$ 66,271,827	50.0%	50.0%
Total liabilities	37,704,883	50.0%	50.0%
Total equity	28,566,944	50.0%	50.0%
Billings to participants	15,725,770		

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

5. INVESTMENT IN JOINT VENTURES (CONTINUED):

Pomona-Walnut-Rowland Joint Water Line Commission:

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (the Commission). The Commission was formed, under the Joint Powers Agreement (the JPA) of 1956, between the City of Pomona, the Walnut Valley Water District and the Rowland Water District. The JPA's purpose is to acquire, construct, maintain, repair, manage and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency

Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third the amount of the assessment. In addition, a capital surcharge is assessed for the future replacement of the pipeline. For the year ended June 30, 2016, the District remitted assessments of \$47,976, for their share of future replacement costs. Also, the District purchased water totaling \$5,150,972 for the Commission during the year ended June 30, 2016.

Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior twelve month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The District records its investment in the Pomona-Walnut-Rowland Joint Waterline Commission Agency as an other noncurrent asset, Investment in Joint Ventures, primarily capital assets. The changes in its investment in Pomona-Walnut-Rowland Joint Waterline Commission consisted of the following:

Beginning of year	\$ 684,629
Share in income	<u>14,401</u>
End of year	<u>\$ 699,030</u>

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Waterline Commission as of and for the year ended June 30, 2016 including the participants' approximate percentage shares:

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

5. INVESTMENT IN JOINT VENTURES (CONTINUED):

Pomona-Walnut-Rowland Joint Water Line Commission (Continued):

	<u>Amount</u>	<u>City of Pomona</u>	<u>Walnut Valley Water District</u>	<u>Rowland Water District</u>
Total assets	\$5,473,079	27.5%	43.9%	27.5%
Total liabilities	\$3,020,343	27.5%	43.9%	27.5%
Total equity	\$2,452,736	27.5%	43.9%	27.5%
Water billings to participants	\$16,312,820			

6. WATER REVENUE REFUNDING BONDS, SERIES 2014A:

Water Revenue Refunding Bonds, Series 2014A were issued on September 18, 2014, in the amount of \$20,060,000 to refund \$19,105,000 of outstanding balance on the 2008 Certificates of Participation. The prior obligations were issued to finance certain improvements to the Enterprise. The District completed the advance refunding, to reduce its total debt service over the next 26 years by \$3,455,528 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,659,410.

These bonds mature in various amounts through December 1, 2039. The balance outstanding as of June 30, 2016 is \$19,025,000. The Bonds were issued at a premium of \$1,686,785, which is being amortized over the life of the debt on a straight-line basis. The unamortized premium outstanding as of June 30, 2016 is \$1,582,026.

Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.00% to 5.00%. The installment payments on these bonds are secured by a first priority lien on the Net Revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2014A bonds for the year ended June 30, 2016:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2016</u>	<u>Due Within One Year</u>
Water Revenue Refunding Bonds, Series 2014A	\$ 19,510,000	\$ -	\$ (485,000)	\$ 19,025,000	\$ 495,000
Add: Unamortized Premium	1,648,940	-	(66,914)	1,582,026	-
TOTAL	<u>\$ 21,158,940</u>	<u>\$ -</u>	<u>\$ (551,914)</u>	<u>\$ 20,607,026</u>	<u>\$ 495,000</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

6. WATER REVENUE REFUNDING BONDS, SERIES 2014A (CONTINUED):

Maturities of the Water Revenue Refunding Bonds, Series 2014A and interest payments subsequent to June 30, 2016 as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 495,000	\$ 795,819	\$ 1,290,819
2018	510,000	780,744	1,290,744
2019	525,000	765,219	1,290,219
2020	540,000	749,244	1,289,244
2021	560,000	729,944	1,289,944
2022 - 2026	3,170,000	3,286,719	6,456,719
2027 - 2031	3,815,000	2,673,722	6,488,722
2032 - 2036	4,700,000	1,788,500	6,488,500
2037 - 2039	4,710,000	486,000	5,196,000
Total	<u>\$ 19,025,000</u>	<u>\$ 12,055,911</u>	<u>\$ 31,080,911</u>

7. INSTALLMENT PURCHASE CONTRACT PAYABLE:

On November 1, 2012, the Puente Basin Water Agency issued \$19,835,000 in water revenue bonds, 2012 Series A in order to finance the acquisition of certain water system improvements of the Rowland Water District. Proceeds of the bonds including \$1,570,182 of bond premium were loaned to the District pursuant to an installment purchase contract entered into concurrently with the bonds issuance.

The bond premium is being amortized and recognized as interest expense over the life of the debt on a straight-line basis. The installment purchase contract payments mirror the debt service payments on the water revenue bonds. Interest is payable semi-annually on December 1 and June 1 at rates ranging from 2.00% to 5.00%.

The District's obligation to make installment payments is a special obligation of the District payable solely from the net revenues of the District. The following is a summary of the installment purchase contract for the year ended June 30, 2016:

	<u>Balance at</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Installment purchase					
Contract	\$ 19,070,000	\$ -	\$ (395,000)	\$ 18,675,000	\$ 410,000
Add: Unamortized premium	1,433,554	-	(52,239)	1,391,215	-
TOTAL	<u>\$ 20,513,554</u>	<u>\$ -</u>	<u>\$ (447,339)</u>	<u>\$ 20,066,215</u>	<u>\$ 410,000</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

7. INSTALLMENT PURCHASE CONTRACT PAYABLE (CONTINUED):

Maturities of the installment purchase contract and interest payments subsequent to June 30, 2016 as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 410,000	\$ 742,450	\$ 1,152,450
2018	425,000	725,750	1,150,750
2019	445,000	710,575	1,155,575
2020	460,000	694,700	1,154,700
2021	475,000	676,000	1,151,000
2022 - 2026	2,690,000	3,072,100	5,762,100
2027 - 2031	3,205,000	2,559,825	5,764,825
2032 - 2036	3,750,000	2,020,625	5,770,625
2037 - 2041	4,620,000	1,149,500	5,769,500
2042 - 2043	2,195,000	111,125	2,306,125
Total	<u>\$ 18,675,000</u>	<u>\$ 12,462,650</u>	<u>\$ 31,137,650</u>

8. COMPENSATED ABSENCES:

In accordance with the District's policy, employees may accrue up to 240 hours of vacation. For the year ended June 30, 2016, the total accrued vacation liability for all employees totaled \$164,092. Also, in accordance with the District's policy, employees may accrue up to 352 hours of sick leave. Upon attaining 352 hours, the employee may exercise a one-time option to exchange sick leave hours for cash or vacation time. Upon separation, retirement or death, an employee shall receive as additional retirement benefit, an amount equal to 50% of accrued hours for unused sick leave pay for up to 352 hours, or 176 hours.

The District has modified the Employment Agreement in regards to the General Manager's sick leave benefits. The General Manager shall receive the same sick leave benefits, upon the same terms and conditions, as provided to all other District employees. For the year ended June 30, 2016, the total accrued sick leave liability for all employees totaled \$130,566.

9. DEFERRED COMPENSATION PLAN:

The District has adopted a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The funds are not available to employees until termination, retirement, death or an unforeseeable emergency. Employees may contribute to the Plan up to 25% of their annual compensation, not to exceed limits established in the Internal Revenue Code. The District does not make any contributions to this Plan. Deferred compensation plan assets are not included in the financial statements as the plan assets are held in trust to protect them from general creditors of the District.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS:

a. General Information about the Pension Plans:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age fifty (50) with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous	
	Prior to July 13, 2012	PEPRA On or After January 1, 2013
Hire date		
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	18.804%	6.25%

ROWLAND WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 (CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. General Information about the Pension Plans (Continued):

Contributions:

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2016, the District reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 3,048,469

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for all Plans as of June 30, 2015 and 2016 was as follows:

	Miscellaneous
Proportion - June 30, 2015	0.09476%
Proportion - June 30, 2016	0.11112%
Change - Increase (Decrease)	0.01636%

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

For the year ended June 30, 2016, the District recognized pension expense of \$247,370. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 337,455	\$ -
Differences between actual and expected experience	21,457	-
Change in assumptions	-	(203,007)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	332,313	(47,974)
Net differences between projected and actual earnings on plan investments	-	(101,770)
Total	<u>\$ 691,225</u>	<u>\$ (352,751)</u>

\$337,455 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (42,401)
2017	(41,369)
2018	(45,296)
2019	130,085
2020	-
Thereafter	-

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions:

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions:

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate:

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued):

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$ 5,038,057
Current Discount Rate	7.65%
Net Pension Liability	\$ 3,048,469
1% Increase	8.65%
Net Pension Liability	\$ 1,405,833

Pension Plans Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

- c. Payable to the Pension Plans:

At June 30, 2016, the District had no outstanding amount of contributions to the pension plans due for the year ended June 30, 2016.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

The District has a single-employer other post-employment benefit plan that provides medical, dental and vision coverage to 25 active employees and 10 retired employees through the ACWA health program. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse.

Employees hired on or after July 1, 2012 are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only.

b. Funding Policy:

The contribution requirements of plan members and the District are established and may be amended by the District and/or District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis. For the year ended June 30, 2016, the District paid \$147,319 in health care costs for its retirees and their covered dependents. In addition, the District made a \$420,000 contribution to a trust account established to fund the District's net OPEB obligation for the year ended June 30, 2016.

c. Annual OPEB Cost and Net OPEB Obligation:

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45 applied prospectively. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

c. Annual OPEB Cost and Net OPEB Obligation (Continued):

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 418,321
Interest on net OPEB obligation	17,492
Adjustment to annual required contribution	<u>(17,158)</u>
Annual OPEB cost (expense)	418,655
Actual contributions made	<u>(567,319)</u>
Increase (decrease) in net OPEB obligation	(148,664)
Net OPEB Obligation - beginning of year	<u>269,110</u>
Net OPEB Obligation - end of year	<u>\$ 120,446</u>

d. Three-Year Trend Information:

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2016, 2015 and 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/14	\$ 360,066	\$ 187.15%	\$ 459,526
6/30/15	351,251	154.21%	269,110
6/30/16	418,655	135.51%	120,446

e. Funded Status and Funding Progress:

As of July 1, 2015, the plan was 28.95% percent funded. The actuarial accrued liability for benefits was \$6,485,558, and the actuarial value of assets was \$1,877,541, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,608,017. The estimated covered payroll (annual payroll of active employees covered by the plan) was \$2,099,673 and the ratio of the UAAL to the covered payroll was 219.46%.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

e. Funded Status and Funding Progress (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

f. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The entry age normal cost method was used for the actuarial valuation as of July 1, 2015. Significant assumptions included a discount rate of 6.5% per annum, projected salary increases of 3.25% per annum and medical trend rates that start at 9.0% for HMO and 9.5% for PPO coverage in the initial year and are decreased 0.5% per year to an ultimate rate of 5.0%. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level-percentage-of-pay method on a closed-basis. The remaining amortization period is 30 years.

12. RISK MANAGEMENT:

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

12. RISK MANAGEMENT (CONTINUED):

At June 30, 2016, the District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$50,000 per occurrence and has purchased excess insurance coverage up to \$100,000,000 (total insurable value of \$44,989,422). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$1,000 deductible for mobile equipment and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$2,000,000 per occurrence and has purchased excess insurance coverage of \$58,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$2,000,000 per occurrence and has purchased excess insurance coverage of \$58,000,000. This program does not have a deductible.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$2,000,000 per occurrence and has purchased excess insurance coverage of \$58,000,000.

Fidelity Bond - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - Insured up to the statutory limit; the Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit. Employer's liability is insured up to the statutory limit. The Insurance Authority has pooled self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

13. UNRESTRICTED NET POSITION:

The District has adopted a policy to designate reserves of unrestricted net position. Total reserves were designated as follows as of June 30, 2016:

Designated reserves for:	
Operations	\$ 3,633,750
Rate stabilization	1,757,855
Capital funding including expansion of facilities and future repairs and maintenance	<u>13,125,164</u>
Total Designated Reserves	18,516,769
Undesignated net position	<u>4,672,898</u>
 Total Unrestricted Net Position	 <u>\$ 23,189,667</u>

14. COMMITMENTS AND CONTINGENCIES:

The District is party to a water production and delivery agreement dated May 12, 2012 with the La Habra Heights County Water District ("La Habra Heights") for the purpose of assisting the District to access water rights in the Central Groundwater Basin of Los Angeles County ("Central Basin"). The District has acquired pumping rights in the Central Basin but has no facilities to produce water from Central Basin. La Habra Heights has facilities to produce water from the Central Basin and is able to assist the District to produce water, pursuant to the District's water rights, and deliver the water to the District's water distribution system. Subject to certain limitations as specified in the agreement, La Habra Heights will convey to the District, groundwater from the Central Basin. La Habra Heights will bill the District on a monthly basis for water delivery costs. The District will pay La Habra Heights for transporting water, and La Habra Height's direct cost of production, energy costs associated with the delivery of the water to the delivery point, any other variable cost of production. The District will pay a wheeling charge that is \$50 per acre-foot until the District has amortized its capital costs. After the District has fully amortized its capital cost, the wheeling charge is \$75 per acre-foot. In addition, La Habra Heights will share the cost savings that the District realizes as a result of La Habra Heights pumping and delivering water to the District from the Central Basin instead of the District purchasing water from other sources.

15. SUBSEQUENT EVENTS:

Events occurring after June 30, 2016 have been evaluated for possible adjustments to the financial statements or disclosure as of November 23, 2016, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

ROWLAND WATER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.04441%	0.03764%
Proportionate share of the net pension liability	\$ 3,048,469	\$ 2,341,881
Covered - employee payroll	\$ 2,161,937	\$ 2,163,227
Proportionate share of the net pension liability as percentage of covered - employee payroll	141.01%	108.26%
Plan's fiduciary net position	\$ 11,560,803	\$ 11,721,653
Plan fiduciary net position as a percentage of the total pension liability	78.40%	83.35%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

ROWLAND WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

Last Ten Fiscal Years*

	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 337,455	\$ 334,790
Contributions in relation to the actuarially determined contributions	<u>(337,455)</u>	<u>(334,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,099,673	\$ 2,161,937
Contributions as a percentage of covered - employee payroll	16.07%	15.49%

Notes to Schedule:

Valuation Date 6/30/2013

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age normal cost method**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	3.30% to 14.20% depending on age, service, and type of employment; including inflation of 2.75%**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2%@55 and 2%@60), 52 years (2%@62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.**

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

ROWLAND WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2016

**OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS**

Retiree Health Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio (b)/(a)	Estimated Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
07/01/09	\$ 4,645,724	\$ -	\$ 4,645,724	0.00%	\$ 1,964,000	236.54%
07/01/12	\$ 4,499,844	\$ 404,434	\$ 4,095,410	8.99%	\$ 2,161,937	189.43%
07/01/15 (1)	\$ 6,485,558	\$ 1,877,541	\$ 4,608,017	28.95%	\$ 2,099,673	219.46%

(1) The changes to the AAL from July 1, 2012 to July 1, 2015 are summarized as follows (in thousands):

Changes to AAL	AAL
AAL as of July 1, 2012	\$ 4,500,000
Expected Benefits Earned, Benefit Payments and Interest	950,000
Recognition of an Age-Related Implicit Subsidy	830,000
Revised CalPERS Assumed Mortality Rates	410,000
Revised Plan Selection and Marriage Assumptions	360,000
Plan Amendment Change: New Eligibility Ages	300,000
Revised Health Care Cost Assumed Trend Rates	180,000
Revised CalPERS Assumed Retirement Rates	80,000
Vision Calculation Error Fixed	(70,000)
Middle-of-Year Active Decrements	(140,000)
Actual 2015 Premium Rates	(1,010,000)
Actual Demographic and Other Experience	96,000
AAL as of July 1, 2015	<u>\$ 6,486,000</u>

OTHER SUPPLEMENTARY INFORMATION

ROWLAND WATER DISTRICT

SCHEDULE OF OTHER OPERATING EXPENSES

For the year ended June 30, 2016

Engineering	\$ 13,048
Maintenance and operations	31,361
Small tools and supplies	40,294
Water tests	21,887
Certification, fees and permits	48,650
Water supply planning and development	<u>157,713</u>
 TOTAL OTHER OPERATING EXPENSES	 <u><u>\$ 312,953</u></u>

ROWLAND WATER DISTRICT

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended June 30, 2016

Salaries and wages	\$ 998,870
Payroll taxes	168,188
Insurance	602,393
Automobile expenses	63,671
Service charges	112,807
Office supplies and expenses	254,040
Utilities	71,329
Professional services	429,581
Membership fees and dues	45,931
Conferences and travel	60,969
Directors' fees and expenses	116,579
Public relations	110,563
Repairs and maintenance	31,368
Pension plan contributions	425,614
Other post employment benefits	418,655
Seminars and training	67,007
Conservation rebate program expenses	10,352
Taxes, permits and fees	17,160
Uncollectable accounts	12,845
Miscellaneous	44,884
	<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 4,062,806</u>

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

Board of Directors
Rowland Water District
Rowland Heights, 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 proprietary fund and fiduciary fund of the Rowland Water District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 District'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

White Nelson Dick Evans LLP

Irvine, California
November 23, 2016

Tab

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To the Board of Commissioners
Pomona-Walnut-Rowland
Joint Water Line Commission
Walnut, California

We have audited the financial statements of Pomona-Walnut-Rowland Joint Water Line Commission (the Commission) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 9, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. As discussed in Note 1e to the financial statements, in fiscal year 2015-2016, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application". GASB Statement No. 72 requires the Commission to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Commission's financial statements as a result of the implementation of GASB Statement No. 72. No other accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Commission's financial statements were depreciation expense which was derived from the estimated useful lives for capital assets which are based on industry standards, and the fair value of investments which was provided by the California Local Agency Investment Fund (LAIF). We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 26, 2016.

Management Consultations with Other Independent Accountants

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

Significant Audit Findings (Continued)

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis which is required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of revenues, expenses and changes in net position by class, and the schedule of assets invested in capital assets by member agency which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of Pomona-Walnut-Rowland Joint Water Line Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

Irvine, California
September 26, 2016

**POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION**

BASIC FINANCIAL STATEMENTS

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

JUNE 30, 2016 AND 2015

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

TABLE OF CONTENTS

June 30, 2016 and 2015

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Required Supplementary Information)	3 - 10
Basic Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14 - 26
Supplementary Information:	
Schedules of Revenues, Expenses and Changes in Net Position	27 - 28
Schedule of Assets Invested in Capital Assets By Member Agency	29
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30 - 31

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Pomona-Walnut-Rowland
Joint Water Line Commission
Walnut, California

Report on the Financial Statements

We have audited the accompanying financial statements of Pomona-Walnut-Rowland Joint Water Line Commission (the Commission), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Commission'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 Commission'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pomona-Walnut-Rowland Joint Water Line Commission as of June 30, 2016 and 2015, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California

September 26, 2016

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

This section of the Commission's annual financial report presents our analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2016

- The Commission's net position increased by \$50,528 or 2.10 percent.
- During the year, the Commission's total operating revenues decreased to \$16,418,204 or 4.12 percent under the prior year amount, and operating expenses decreased to \$16,415,037 or 4.20 percent under the prior year amount.

Fiscal Year 2015

- The Commission's net position increased by \$33,911 or 1.43 percent.
- During the year, the Commission's total operating revenues decreased to \$17,122,934 or 15.32 percent under the prior year amount, and operating expenses decreased to \$17,134,901 or 15.25 percent under the prior year amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis, the financial statements and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Commission report information about the Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Commission's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Commission's operations over the past year and can be used to determine the Commission's credit worthiness and whether the Commission has successfully recovered all of its costs through its water rates and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Commission's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing activities and provides 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.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

FINANCIAL ANALYSIS OF THE COMMISSION

One of the most important questions asked about the Commission's finances is "Is the Commission as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the Commission's activities in a way that will help answer this question. These two statements report the net position of the Commission and changes in them. You can think of the Commission's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the Commission's Statements of Net Position is presented in Table 1.

TABLE 1
Condensed Statements of Net Position

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change	Fiscal Year 2014	Dollar Change
Assets:					
Current and other assets	\$ 4,108,941	\$ 3,850,811	\$ 258,130	\$ 5,436,194	\$(1,585,383)
Capital assets	1,364,458	1,389,007	(24,549)	1,301,548	87,459
Total Assets	<u>5,473,399</u>	<u>5,239,818</u>	<u>233,581</u>	<u>6,737,742</u>	<u>(1,497,924)</u>
Liabilities:					
Current liabilities	<u>3,020,343</u>	<u>2,837,610</u>	<u>182,733</u>	<u>4,369,445</u>	<u>(1,531,835)</u>
Net Position:					
Net investment in capital assets	1,364,458	1,389,007	(24,549)	1,301,548	87,459
Restricted	586,428	543,105	43,323	499,782	43,323
Unrestricted	501,850	470,096	31,754	566,967	(96,871)
Total Net Position	<u>\$ 2,452,736</u>	<u>\$ 2,402,208</u>	<u>\$ 50,528</u>	<u>\$ 2,368,297</u>	<u>\$ 33,911</u>

Fiscal Year 2016

As you can see from Table 1, net position increased by \$50,528 from fiscal year 2015 to 2016.

A further review of Net Position on Table 1 shows that Restricted Net Assets (those established by Commission policy, enabling legislation, or other legal requirements), increased to \$586,428 in fiscal year 2016 due to the assessment of the Depreciation and Replacement Reserve capital surcharge. This additional \$43,323 was added to the \$543,105 collected in previous years.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

Fiscal Year 2015

As you can see from Table 1, net position increased by \$33,911 from fiscal year 2014 to 2015.

A further review of Net Position on Table 1 shows that Restricted Net Assets (those established by Commission policy, enabling legislation, or other legal requirements), increased to \$543,105 in fiscal year 2015 due to the assessment of the Depreciation and Replacement Reserve capital surcharge. This additional \$43,323 was added to the \$499,782 collected in previous years.

TABLE 2
Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Dollar Change</u>	<u>Fiscal Year 2014</u>	<u>Dollar Change</u>
Operating Revenues:					
Water sales to member agencies	\$16,312,820	\$17,029,370	\$ (716,550)	\$20,124,285	\$ (3,094,915)
Member agency assessments	105,384	93,564	11,820	93,564	-
Other income	-	-	-	3,062	(3,062)
Total Operating Revenues	<u>16,418,204</u>	<u>17,122,934</u>	<u>(704,730)</u>	<u>20,220,911</u>	<u>(3,097,977)</u>
Operating Expenses:					
Water operations	16,322,503	17,038,880	(716,377)	20,130,437	(3,091,557)
Depreciation	24,549	16,541	8,008	14,147	2,394
General and administration	67,985	79,480	(11,495)	79,628	(148)
Total Operating Expenses	<u>16,415,037</u>	<u>17,134,901</u>	<u>(719,864)</u>	<u>20,224,212</u>	<u>(3,089,311)</u>
Operating Loss	3,167	(11,967)	15,134	(3,301)	(8,666)
Nonoperating Revenues:					
Investment income	4,038	2,555	1,483	2,305	250
Income (Loss) Before Capital Contributions	7,205	(9,412)	16,617	(996)	(8,416)
Capital Contributions - Surcharges	43,323	43,323	-	43,323	-
Changes in Net Position	50,528	33,911	16,617	42,327	(8,416)
Net Position At:					
Beginning of Year	<u>2,402,208</u>	<u>2,368,297</u>	<u>33,911</u>	<u>2,325,970</u>	<u>42,327</u>
End of Year	<u>\$ 2,452,736</u>	<u>\$ 2,402,208</u>	<u>\$ 50,528</u>	<u>\$ 2,368,297</u>	<u>\$ 33,911</u>

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

While the Statements of Net Position show the change in financial position, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes.

Fiscal Year 2016

As you can see in Table 2, Operating Revenues decreased by \$704,730, Nonoperating Revenues increased by \$1,483 and Total Revenues decreased by \$703,247.

A closer examination of the source of changes in net position reveals the Commission had an increase in net position of \$50,528 in fiscal year 2016 as opposed to a \$33,911 increase in 2015. This represents a dollar change of \$16,617 or a 49.0 percent increase. The reason for the variance from 2015 to 2016 was due to an increase in the amount collected from each agency in the form of the budget assessment. The budget assessment was increased in preparation for additional legal expenses that the Commission had anticipated. The increase in nonoperating revenue of \$1,483 is due to an increase in interest income. The Commission reserves are held in the Local Agency Investment Fund (LAIF) which ended in fiscal year June 30, 2016 with a yield of 0.58% as compared to 0.30% in fiscal year June 30, 2015.

Fiscal Year 2015

As you can see in Table 2, Operating Revenues decreased by \$3,097,977, Nonoperating Revenues increased by \$250 and Total Revenues decreased by \$3,097,727.

A closer examination of the source of changes in net position reveals the Commission had an increase in net position of \$33,911 in fiscal year 2015 as opposed to a \$42,327 increase in 2014. This represents a dollar change of \$8,416 or a 22.8 percent increase. The reason for the variance from 2014 to 2015 was due to a decrease in other income and an increase in maintenance and depreciation expenses as compared to prior years. The decrease in nonoperating revenue of \$426 is due to a reduction in interest income. The increase in nonoperating revenue of \$250 is due to an increase in interest income. The Commission reserves are held in the Local Agency Investment Fund (LAIF) which ended in fiscal year June 30, 2015 with a yield of 0.30% as compared to 0.34% in fiscal year June 30, 2014.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

NET POSITION (CONTINUED)

TABLE 3
Budget vs. Actual

	Fiscal Year 2016 Budget	Fiscal Year 2016 Actual	Dollar Change	Total Percent Change
Revenues:				
Operating revenues	\$16,623,669	\$16,418,204	\$ (205,465)	(1.24) %
Nonoperating revenues	3,000	4,038	1,038	34.60
Capital contributions	43,323	43,323	-	-
Total Revenues	16,669,992	16,465,565	(204,427)	(1.23)
Expenses:				
Water operations	16,559,469	16,322,503	236,966	1.43
Depreciation	-	24,549	(24,549)	-
General and administration	64,200	67,985	(3,785)	(5.90)
Total Expenses	16,623,669	16,415,037	208,632	1.26
Changes in Net Position	\$ 46,323	\$ 50,528	\$ 4,205	9.08 %

The majority of operating revenue is derived from water sales to member agencies. The Commission predicts water sales by using a three-year rolling average. This is done by estimating how many acre feet of water will be purchased from the Three Valleys Municipal Water District at the prevailing Tier I and Tier II water rates. As in previous years, these assumptions do not include any special programs offered by the Commission in the efforts to promote water conservation. In fiscal year 2015-2016, the Commission estimated 17,429 acre-feet of Tier I water at an average rate of \$956 per acre foot. The Commission did not estimate any Tier II purchases in fiscal year 2016. The Commission purchased 17,303 acre-feet in 2016. In fiscal year 2014-2015, the Commission estimated 22,503 acre-feet of Tier I water at an average rate of \$919 per acre foot. The Commission did not estimate any Tier II purchases in fiscal year 2015. The Commission purchased 18,718 acre-feet in 2015.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

CAPITAL ASSETS

The Commission's net investment in capital assets totaled \$1,364,458 as of June 30, 2016. This investment in capital assets includes pipelines and improvements, service connections, telemetry system and engineering costs for proposed roads. There were no capital assets additions in fiscal year 2015-2016.

TABLE 4
Summary of Changes in Capital Assets

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change	Fiscal Year 2014	Dollar Change
Capital assets, being depreciated:					
Pipelines and improvements	\$ 2,036,847	\$ 2,036,847	\$ -	\$ 2,036,847	\$ -
Service connections	85,277	85,277	-	85,277	-
Telemetry system	104,000	104,000	-	29,050	74,950
Engineering for proposed roads	2,201	2,201	-	2,201	-
	<u>2,228,325</u>	<u>2,228,325</u>	<u>-</u>	<u>2,153,375</u>	<u>74,950</u>
Total capital assets, being depreciated					
Less accumulated depreciation:					
Pipelines and improvements	(814,739)	(801,160)	(13,579)	(787,581)	(13,579)
Service connections	(34,134)	(33,564)	(570)	(32,995)	(569)
Telemetry system	(12,793)	(2,393)	(10,400)	(29,050)	26,657
Engineering for proposed roads	(2,201)	(2,201)	-	(2,201)	-
	<u>(863,867)</u>	<u>(839,318)</u>	<u>(24,549)</u>	<u>(851,827)</u>	<u>12,509</u>
Total accumulated depreciation					
Total capital assets, net	<u>\$ 1,364,458</u>	<u>\$ 1,389,007</u>	<u>\$ (24,549)</u>	<u>\$ 1,301,548</u>	<u>\$ 87,459</u>

Additional information on the Commission's capital assets can be found in Notes 1i and 4 of the notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission's board of directors and administrative officer consider several factors when setting the fiscal year budget. One factor is the water sales projection that each agency gives. This is taken into consideration along with historical water use numbers in setting future years operating revenues. As in previous years, the majority of operating revenues are directly offset by operating expenses. This is due to the correlation between water sales and purchased water costs. In 2016, the Commission factored in actual costs when looking at administrative expenses. This was determined by looking at actual time and/or material cost in all matters directly relating to the Joint Water Line. As in previous years, the last factor is the funding of depreciation and replacement of the water line. An amount equal to \$43,323 of the \$46,323 change in ending net position, shown in Table 5 below, is projected to be transferred to reserves for depreciation and replacement.

TABLE 5
Fiscal Year 2016 Actual vs. Fiscal Year 2017 Budget

	Fiscal Year 2016 Actual	Fiscal Year 2017 Budget	Dollar Change	Total Percent Change
Revenues:				
Operating revenues	\$16,623,669	\$17,690,394	\$ 1,066,725	6.42 %
Nonoperating revenues	3,000	3,000	-	-
Capital contributions	43,323	43,323	-	-
Total Revenues	16,669,992	17,736,717	1,066,725	6.40
Expenses	16,623,669	17,690,394	(1,066,725)	(6.42)
Changes in Net Position	46,323	46,323	-	-
Net Position At:				
Beginning of Year	2,402,208	2,448,531	46,323	1.93
End of Year	\$ 2,448,531	\$ 2,494,854	\$ 46,323	1.89 %

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2016

CONTACTING THE COMMISSION'S TREASURER

This financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sean S. Henry, Treasurer, Pomona-Walnut-Rowland Joint Water Line Commission.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

STATEMENTS OF NET POSITION

June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 476,075	\$ 463,460
Accounts receivable from member agencies	3,044,252	2,843,019
Interest receivable	1,303	664
Prepaid insurance	563	563
TOTAL CURRENT ASSETS	3,522,193	3,307,706
RESTRICTED ASSETS:		
Cash and cash equivalents	575,597	532,274
Accounts receivable from member agencies	10,831	10,831
TOTAL RESTRICTED ASSETS	586,428	543,105
NONCURRENT ASSETS:		
Capital assets:		
Capital assets, at cost	2,228,325	2,228,325
Less accumulated depreciation	(863,867)	(839,318)
Capital assets, net	1,364,458	1,389,007
TOTAL NONCURRENT ASSETS	1,364,458	1,389,007
TOTAL ASSETS	5,473,079	5,239,818
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	3,020,343	2,837,610
NET POSITION:		
Net investment in capital assets	1,364,458	1,389,007
Restricted for capital asset repairs and replacement	586,428	543,105
Unrestricted	501,850	470,096
TOTAL NET POSITION	\$ 2,452,736	\$ 2,402,208

See accompanying notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Water sales to member agencies	\$ 16,312,820	\$ 17,029,370
Member agency assessments	105,384	93,564
TOTAL OPERATING REVENUES	16,418,204	17,122,934
OPERATING EXPENSES:		
Water purchases	16,312,820	17,029,370
Maintenance	9,683	9,510
Depreciation	24,549	16,541
General and administrative contractual services	50,700	64,200
Insurance expense	2,183	2,183
Legal fees	6,225	3,164
Auditing	5,100	4,600
Other	3,777	5,333
TOTAL OPERATING EXPENSES	16,415,037	17,134,901
OPERATING INCOME (LOSS)	3,167	(11,967)
NONOPERATING REVENUES:		
Investment income	4,038	2,555
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	7,205	(9,412)
CAPITAL CONTRIBUTIONS - SURCHARGES	43,323	43,323
CHANGES IN NET POSITION	50,528	33,911
NET POSITION AT BEGINNING OF YEAR	2,402,208	2,368,297
NET POSITION AT END OF YEAR	\$ 2,452,736	\$ 2,402,208

See accompanying notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from member agencies	\$ 16,216,971	\$ 18,654,527
Cash paid to suppliers	<u>(16,207,755)</u>	<u>(18,650,196)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,216</u>	<u>4,331</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital surcharge	43,323	43,323
Acquisition of capital assets	<u>-</u>	<u>(104,000)</u>
NET CASH PROVIDED (USED) BY CAPITAL RELATED FINANCING ACTIVITIES	<u>43,323</u>	<u>(60,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>3,399</u>	<u>2,422</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,938	(53,924)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>995,734</u>	<u>1,049,658</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,051,672</u></u>	<u><u>\$ 995,734</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 3,167	\$ (11,967)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	24,549	16,541
(Increase) decrease in accounts receivable	(201,233)	1,531,593
Increase (decrease) in accounts payable	<u>182,733</u>	<u>(1,531,836)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 9,216</u></u>	<u><u>\$ 4,331</u></u>

See accompanying notes to financial statements.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Organization:

Pomona-Walnut-Rowland Joint Water Line Commission (the Commission) was formed under the Joint Powers Agreement of 1956 between the City of Pomona, the Walnut Valley Water District and the Rowland Water District (the Agreement) for the purpose of acquiring, constructing, maintaining, repairing, managing, operating and controlling a water transmission pipeline for the benefit of the member agencies. On December 21, 2006, the Agreement was amended, restated and renewed and will continue to be in force for twenty years from this date, with three, ten-year extensions allowable upon the written consent of each of the member agencies. For the years ended June 30, 2016 and 2015, the Commission has purchased all of its water from Three Valleys Municipal Water District.

b. Operations:

The Commission purchases water for resale to the member agencies at a price sufficient to provide reserve funds for emergencies. In addition, the member agencies are billed for the cost of maintenance and operation of the pipeline.

c. Fund Accounting:

The Commission 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 Commission is that the costs of providing goods and services to the member agencies on a continuing basis be financed or recovered primarily through user charges.

d. Measurement Focus and Basis of Accounting:

The Commission's financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. New Accounting Pronouncements:

Current Year Standards:

In fiscal year 2015-2016, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application"*. GASB Statement No. 72 requires the Commission to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the Commission's financial statements as a result of the implementation of GASB Statement No. 72.

GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, was required to be implemented in the current fiscal year, except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for periods beginning after June 15, 2016, and did not impact the Commission.

GASB Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, was required to be implemented in the current fiscal year and did not impact the Commission.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"*, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the Commission.

GASB Statement No. 82, *"Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73"*, which changed the measurement of covered payroll reported in required supplementary information, was required to be implemented in the current fiscal year and did not impact the Commission.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements, which may impact the Commission's financial reporting requirements in the future:

- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 77 - "*Tax Abatement Disclosure*", effective for periods beginning after December 15, 2015.
- GASB 78 - "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", effective for periods beginning after December 15, 2015.
- GASB 79 - "*Certain External Investment Pools and Pool Participants*", the certain provisions on portfolio quality, custodial credit risk and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.
- GASB 81 - "*Irrevocable Split-Interest Agreements*", effective for periods beginning after December 15, 2016.
- GASB 82 - "*Pension Issues*", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Net Position:

Net position of the Commission can be classified into three components - net investments in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

g. Restricted Resources:

When both restricted and unrestricted resources are available for use, the Commission may use restricted resources or unrestricted resources based on the Board of Commissioners' discretion.

h. Operating Revenues and Expenses:

Operating revenues, such as charges for services (water sales and member assessments), result from exchange transactions associated with the principal activity of the Commission. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as capital surcharges and investment income, result from nonexchange transactions or ancillary activities in which the Commission gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services and administrative expenses. All expenses not meeting this definition are reported as nonoperating expenses, if any.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Capital Assets:

Capital assets, which include pipelines and improvements, service connections, telemetry system and engineering costs for proposed roads, are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Pipelines and improvements	150
Service connections	150
Telemetry system	10
Engineering for proposed roads	5

j. Investments:

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

k. Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Commission considers all investment instruments purchased with a maturity date of three months or less to be cash and cash equivalents.

l. Accounts Receivable:

The Commission reports its accounts receivable at invoiced amounts less allowances for doubtful accounts and other deductions, if applicable. Management evaluates the ability to collect accounts receivable based on a combination of factors. No allowance for doubtful accounts was recorded as of June 30, 2016 or 2015.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management, if necessary, to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments are reported as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Statements of Net Position:		
Cash and cash equivalents	\$ 476,075	\$ 463,460
Restricted cash and cash equivalents	<u>575,597</u>	<u>532,274</u>
Total cash and investments	<u>\$ 1,051,672</u>	<u>\$ 995,734</u>

Cash and investments held by the Commission at June 30, 2016 and 2015, consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Deposits	\$ 94,213	\$ 85,674
Investment in California Local Agency Investment Fund (LAIF)	<u>957,459</u>	<u>910,060</u>
Total cash and investments	<u>\$ 1,051,672</u>	<u>\$ 995,734</u>

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the Commission's Investment Policy:

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
Banker's Acceptances Notes	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Commercial Paper	270 days	40%	10%
Local Agency Investment Fund	N/A	None	None
Mutual Funds	N/A	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to 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 Commission manages its exposure to interest rate risk is by investing funds in the California Local Agency Investment Fund (LAIF).

The LAIF is a voluntary investment program that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Investments in the LAIF are highly liquid, and deposits may be converted to cash within 24 hours without loss of interest. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission'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. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LAIF is not rated.

Concentration of Credit Risk:

The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

2. CASH AND INVESTMENTS (CONTINUED):

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. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2016, all bank balances were insured or collateralized.

Fair Value Measurements:

GASB Statement No. 72, "*Fair Value Measurement and Application*", sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Commission's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the Commission's management. Commission management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to Commission management's perceived risk of that investment.

The following is a description of the recurring valuation methods and assumptions used by the Commission to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2016 and 2015, the investments in LAIF of \$957,459 and \$910,060, respectively, are categorized as Level 2 measurements, based on information provided by the State of California.

3. RESTRICTED ASSETS:

Restricted assets are the accumulation of capital surcharges assessed to each member agency. These funds are restricted for major repairs and replacement of water lines.

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	104,000	-	-	104,000
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
Total capital assets, being depreciated	<u>2,228,325</u>	<u>-</u>	<u>-</u>	<u>2,228,325</u>
Less accumulated depreciation:				
Pipelines and improvements	(801,160)	(13,579)	-	(814,739)
Service connections	(33,564)	(570)	-	(34,134)
Telemetry system	(2,393)	(10,400)	-	(12,793)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
Total accumulated depreciation	<u>(839,318)</u>	<u>(24,549)</u>	<u>-</u>	<u>(863,867)</u>
Total capital assets, net	<u>\$ 1,389,007</u>	<u>\$ (24,549)</u>	<u>\$ -</u>	<u>\$ 1,364,458</u>

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

4. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Pipelines and improvements	\$ 2,036,847	\$ -	\$ -	\$ 2,036,847
Service connections	85,277	-	-	85,277
Telemetry system	29,050	104,000	(29,050)	104,000
Engineering for proposed roads	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>2,201</u>
Total capital assets, being depreciated	<u>2,153,375</u>	<u>104,000</u>	<u>(29,050)</u>	<u>2,228,325</u>
Less accumulated depreciation:				
Pipelines and improvements	(787,581)	(13,579)	-	(801,160)
Service connections	(32,995)	(569)	-	(33,564)
Telemetry system	(29,050)	(2,393)	29,050	(2,393)
Engineering for proposed roads	<u>(2,201)</u>	<u>-</u>	<u>-</u>	<u>(2,201)</u>
Total accumulated depreciation	<u>(851,827)</u>	<u>(16,541)</u>	<u>29,050</u>	<u>(839,318)</u>
Total capital assets, net	<u>\$ 1,301,548</u>	<u>\$ 87,459</u>	<u>\$ -</u>	<u>\$ 1,389,007</u>

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016 and 2015

5. RISK MANAGEMENT:

The Commission is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). The ACWA/JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2016, the Commission participated in the self-insurance program of the ACWA/JPIA as follows:

General Liability - Insured up to \$60,000,000; the ACWA/JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000; the ACWA/JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Public Officials' Liability - Insured up to \$60,000,000; the ACWA/JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

The Commission pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are recorded to insurance expense when refunded or invoiced. The Commission's insurance expense (refund) for the years ended June 30, 2016 and 2015 was \$2,183 and \$2,183, respectively. There were no instances in the past three years where a settlement exceeded the Commission's coverage.

6. SUBSEQUENT EVENTS:

Events occurring after June 30, 2016, have been evaluated for possible adjustment to the financial statements or disclosure as of September 26, 2016, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the year ended June 30, 2016

	Water Operations	General and Administration	Total
OPERATING REVENUES:			
Water sales to member agencies	\$ 16,312,820	\$ -	\$ 16,312,820
Member agency assessments	9,154	96,230	105,384
TOTAL OPERATING REVENUES	16,321,974	96,230	16,418,204
OPERATING EXPENSES:			
Water purchases	16,312,820	-	16,312,820
Maintenance	9,683	-	9,683
Depreciation	24,549	-	24,549
General and administrative contractual services	-	50,700	50,700
Insurance	-	2,183	2,183
Legal fees	-	6,225	6,225
Auditing	-	5,100	5,100
Other	-	3,777	3,777
TOTAL OPERATING EXPENSES	16,347,052	67,985	16,415,037
OPERATING INCOME (LOSS)	(25,078)	28,245	3,167
NONOPERATING REVENUES:			
Investment income	4,038	-	4,038
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(21,040)	28,245	7,205
CAPITAL CONTRIBUTIONS - SURCHARGES	43,323	-	43,323
CHANGES IN NET POSITION	22,283	28,245	50,528
NET POSITION AT BEGINNING OF YEAR	2,357,448	44,760	2,402,208
NET POSITION AT END OF YEAR	\$ 2,379,731	\$ 73,005	\$ 2,452,736

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the year ended June 30, 2015

	<u>Water Operations</u>	<u>General and Administration</u>	<u>Total</u>
OPERATING REVENUES:			
Water sales to member agencies	\$ 17,029,370	\$ -	\$ 17,029,370
Member agency assessments	13,754	79,810	93,564
TOTAL OPERATING REVENUES	<u>17,043,124</u>	<u>79,810</u>	<u>17,122,934</u>
OPERATING EXPENSES:			
Water purchases	17,029,370	-	17,029,370
Maintenance	9,510	-	9,510
Depreciation	16,541	-	16,541
General and administrative contractual services	-	64,200	64,200
Insurance	-	2,183	2,183
Legal fees	-	3,164	3,164
Auditing	-	4,600	4,600
Other	-	5,333	5,333
TOTAL OPERATING EXPENSES	<u>17,055,421</u>	<u>79,480</u>	<u>17,134,901</u>
OPERATING INCOME (LOSS)	(12,297)	330	(11,967)
NONOPERATING REVENUES:			
Investment income	2,555	-	2,555
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(9,742)	330	(9,412)
CAPITAL CONTRIBUTIONS - SURCHARGES	<u>43,323</u>	<u>-</u>	<u>43,323</u>
CHANGES IN NET POSITION	33,581	330	33,911
NET POSITION AT BEGINNING OF YEAR	<u>2,323,867</u>	<u>44,430</u>	<u>2,368,297</u>
NET POSITION AT END OF YEAR	<u>\$ 2,357,448</u>	<u>\$ 44,760</u>	<u>\$ 2,402,208</u>

POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION

SCHEDULE OF ASSETS INVESTED IN
CAPITAL ASSETS BY MEMBER AGENCY

June 30, 2016

	City of Pomona	Walnut Valley Water District	Rowland Water District	Total
Pipeline section A-B	\$ 276,438	\$ 151,474	\$ 106,031	\$ 533,943
Pipeline section B-D	188,719	150,958	94,359	434,036
Pipeline section D-F	-	527,953	328,914	856,867
Pipeline relocation	81,239	79,246	51,516	212,001
Engineering for proposed road	-	1,123	1,078	2,201
Telemetry system	-	60,320	43,680	104,000
Service connections	66,374	8,455	10,448	85,277
	<u>\$ 612,770</u>	<u>\$ 979,529</u>	<u>\$ 636,026</u>	<u>\$ 2,228,325</u>

Note: This schedule excludes accumulated depreciation.

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

The Board of Commissioners
Pomona-Walnut-Rowland
Joint Water Line Commission
Walnut, 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 Pomona-Walnut-Rowland Joint Water Line Commission (the Commission), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 26, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White Nelson Dick Evans LLP

Irvine, California
September 26, 2016

Tab

2.13

Rose Perea

From: Joseph Byrne <Joseph.Byrne@bbklaw.com>
Sent: Monday, October 31, 2016 4:09 PM
To: Tom Coleman; Rose Perea
Cc: Jordan Ferguson
Subject: FW: SB 415 (Hueso)

Tom and Rose.

See below on this issue. Jordan has done his own research and he connected with the County earlier today. Let me know if you would like to discuss.

Joe

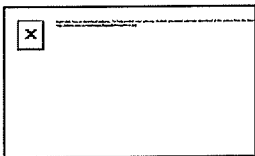
From: Jordan Ferguson
Sent: Monday, October 31, 2016 11:41 AM
To: Joseph Byrne
Subject: RE: SB 415 (Hueso)

Joe,

I spoke to Mr. Olvera, who handles consolidation for LA County. He indicated that consolidations are governed by Elections Code 10404, and that while LA County is approaching consolidations on a case-by-case basis, no one has been denied yet, except a Community College District which was later approved after making some adjustments. The path to consolidation is reasonably straightforward, and the biggest question for the District now is one of timeline. Per Elections Code Section 10404, a request for consolidation must be submitted to the County 240 days before the next scheduled election if it will take effect in that election. In other words, if the District wishes to consolidate its 2017 election to 2018, a request letter and resolution for consolidation must be received by the County no later than March 12, 2017. Once the resolution is received, it takes about 45 days to get the matter on the Board of Supervisors' Agenda, at which point it can be approved. The Board is in the habit of accepting all recommendations from staff on this issue, and Mr. Olvera indicated he always recommends granting consolidations once that point has been reached.

If the District does not wish to consolidate so rapidly, Mr. Olvera concurred with my earlier advice that a resolution laying out the preferred consolidation schedule be passed and transmitted to the County by January 1, 2018. That will insulate the District from SB 415 liability even if they wait until 2020 or 2022 to fully consolidate.

Please let me know if you have any questions on this, or if I may be of further assistance. Thanks.



Jordan Ferguson
Associate
jordan.ferguson@bbklaw.com
T: (213) 787-2564 C: (951) 318-8823
www.BBKlaw.com

From: Tom Coleman <TColeman@Rowlandwater.com>
Date: October 31, 2016 at 10:47:41 AM PDT
To: 'Joseph Byrne' <Joseph.Byrne@bbklaw.com>
Cc: Rose Perea <RPerea@rowlandwater.com>
Subject: SB 415 (Hueso)

Joe,

Do you have any update on this item. I am wanting to brief the board on it next week at the board meeting. Depending on your answer. We may want to make this its own item on the agenda. If that is the case we have today or tomorrow to add it.

Thank you,

Tom Coleman

General Manager
Rowland Water District

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California
LEGISLATIVE INFORMATION

SB-415 Voter participation. (2015-2016)

Senate Bill No. 415

CHAPTER 235

An act to add Chapter 1.7 (commencing with Section 14050) to Division 14 of the Elections Code, relating to elections.

[Approved by Governor September 01, 2015. Filed with Secretary of State September 01, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

SB 415, Hueso. Voter participation.

Existing law generally requires all state, county, municipal, district, and school district elections be held on an established election date. Existing law also establishes certain dates for statewide elections. Existing law requires any state, county, municipal, district, and school district election held on a statewide election date to be consolidated with a statewide election, except as provided.

This bill, commencing January 1, 2018, would prohibit a political subdivision, as defined, from holding an election other than on a statewide election date if holding an election on a nonconcurrent date has previously resulted in voter turnout for a regularly scheduled election in that political subdivision being at least 25% less than the average voter turnout within the political subdivision for the previous 4 statewide general elections, except as specified.

This bill would require a court to implement appropriate remedies upon a violation of this prohibition. The bill would authorize a voter who resides in a political subdivision where a violation is alleged to file an action in superior court to enforce this prohibition, and it would allow a prevailing plaintiff other than the state or political subdivision to collect a reasonable attorney's fee and litigation expenses, as provided.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 1.7 (commencing with Section 14050) is added to Division 14 of the Elections Code, to read:

CHAPTER 1.7. Voter Participation

14050. This chapter shall be known and may be cited as the California Voter Participation Rights Act.

14051. As used in this chapter:

(a) "Political subdivision" means a geographic area of representation created for the provision of government services, including, but not limited to, a city, a school district, a community college district, or other district organized pursuant to state law.

(b) "Significant decrease in voter turnout" means the voter turnout for a regularly scheduled election in a political subdivision is at least 25 percent less than the average voter turnout within that political subdivision for the previous four statewide general elections.

(c) "Voter turnout" means the percentage of voters who are eligible to cast ballots within a given political subdivision who voted.

14052. (a) Except as provided in subdivision (b), a political subdivision shall not hold an election other than on a statewide election date if holding an election on a nonconcurrent date has previously resulted in a significant decrease in voter turnout.

(b) A political subdivision may hold an election other than on a statewide election date if, by January 1, 2018, the political subdivision has adopted a plan to consolidate a future election with a statewide election not later than the November 8, 2022, statewide general election.

14053. Upon a finding of a violation of subdivision (a) of Section 14052, the court shall implement appropriate remedies, including the imposition of concurrent election dates for future elections and the upgrade of voting equipment or systems to do so. In imposing remedies pursuant to this section, a court may also require a county board of supervisors to approve consolidation pursuant to Section 10402.5.

14054. In an action to enforce subdivision (a) of Section 14052, the court shall allow the prevailing plaintiff other than the state or political subdivision of the state, a reasonable attorney's fee consistent with the standards established in *Serrano v. Priest* (1977) 20 Cal.3d 25, 48-49, and litigation expenses including, but not limited to, expert witness fees and expenses as part of the costs. A prevailing defendant shall not recover any costs, unless the court finds the action to be frivolous, unreasonable, or without foundation.

14055. A voter who resides in a political subdivision where a violation of subdivision (a) of Section 14052 is alleged may file an action pursuant to that section in the superior court of the county in which the political subdivision is located.

14056. This chapter does not apply to special elections.

14057. This chapter shall become operative on January 1, 2018.

Tab

2.14

Claim Form

(A claim shall be presented by the claimant or by a person acting on his behalf.)

NAME OF DISTRICT: <u>ROWLAND WATER DISTRICT</u>	
1	<p>Claimant name, address (mailing address if different), phone number, social security number, e-mail address, and date of birth. <i>Effective January 1, 2010, the Medicare Secondary Payer Act (Federal Law) requires the District/Agency to report all claims involving payments for bodily injury and/or medical treatments to Medicare. As such, if you are seeking medical damages, we MUST have both your Social Security Number and your date of birth.</i></p> <p>Name: <u>IN-N-OUT BURGER</u> Phone Number: <u>(949) 509-6265</u> Address(es): <u>4199 CAMPUS DR. 9TH FLOOR</u> Social Security No.: <u> </u> <u>IRVINE, CA 92612</u> Date of Birth: <u> </u> CONTACT: <u>HEIDI O'KEEFE</u> E-mail: <u>HOKEEFE@INNOUT.COM</u></p>
2	<p>List name, address, and phone number of any witnesses.</p> <p>Name: <u> </u> Address: <u> </u> Phone Number: () <u> </u></p>
3	<p>List the date, time, place, and other circumstances of the occurrence or transaction, which gave rise to the claim asserted.</p> <p>Date: <u>3/16/2016</u> Time: <u>9:50 AM</u> Place: <u>17849 E. COLIMA ROAD, INDUSTRY 91748</u> Tell What Happened (give complete information): <u>SELECT ELECTRIC/LONG DIRECTIONAL BORING WAS DOING SOME</u> <u>SORT OF WORK ON COLIMA ROAD AND BROKE THE MAIN WATER</u> <u>LINE, WHICH SUPPLIES OUR STORE AND WE WERE NOT ABLE</u> <u>TO OPEN. AND CAUSED THE MOTOR ON OUR DRINK STATION TO</u> <u>SEIZE DUE TO NO WATER IN SYSTEM.</u></p> <p style="text-align: center;"><i>NOTE: Attach any photographs you may have regarding this claim.</i></p>
4	<p>Give a general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.</p> <p><u>PARTS AND LABOR FOR SERVICE TECHNICIANS TO REPAIR</u> <u>MOTOR AND LOST SALES DUE TO BEING CLOSED.</u></p>
5	<p>Give the name or names of the public employee or employees causing the injury, damage, or loss, if known.</p> <p><u> </u> <u> </u></p>
6	<p>The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.</p> <p><u>\$5,796.39 - SEE ATTACHED DOCUMENTATION FOR BACK UP.</u></p>
Date: <u>10/19/16</u> Time: <u>9:00 AM.</u> Signature: <u>Heidi M. O'Keefe</u> ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!	



11/16/2016

Via Email: crodriguez@rowlandwater.com
And Regular Mail

Rowland Water District
Attn: Crystal Rodriguez
3021 Fullerton Road
Rowland Heights, CA 91748

Re: Date of Injury: 03/16/2016
Claim Number: IN167487
Insured: In-N-Out

Dear Ms. Rodriguez:

Please accept this letter and attached property damage demand as our application for leave to present a late claim. In-N-Out Burger was harmed when Long's Directional Boring struck the water line directly outside their Industry location.

The water line was struck on March 16, 2016 at approximately 4:15pm. In-N-Out promptly filed a claim against Long's Directional Boring on April 19, 2016 as it was Long's Directional Boring who struck the water line. Long's Directional Boring's claims are handled by Schneider & Associates Claims. Schneider & Associates Claims did not deny the loss until August 30, 2016, at that time they denied the loss as they claim the water lines were improperly marked by Rowland Water District. The difference between the marking and the line was approximately 5 feet.

Upon learning that the claim needed to be filed against Rowland Water District, In-N-Out directed their demand to Rowland Water District at the beginning of September but was not informed that they needed to complete a claim form until October 17th. Upon notice of the required claim form In-N-Out completed the form and resent their demand to Rowland Water District on October 19, 2016.

Rowland Water District then denied the claim because it was not presented within the time required.

In-N-Out was prompt in its pursuit of reimbursement and asks Rowland Water District to reconsider its statutory denial.

Sincerely,

Anne Soon
Examiner II P&C
(916) 576-1529
asoon@athensadmin.com

Athens Insurance Services Inc.
On behalf of In-N-Out Burger

Enc: SUBROGATION DEMAND



IN-N-OUT BURGER®

"That's What a Hamburger's All About"®
4199 Campus Drive, Ninth Floor
Irvine, CA 92612
(949) 509-6200 fax (949) 509-6266

Invoice # 16-03-066

INVOICE

Name	Rowland Heights Water District		
Address	3021 So. Fullerton Road		
City	Rowland Heights		
State	CA	ZIP	91748
Phone			

Invoice Date	10/10/2016
Date of Loss	3/16/2016
Store/Location	66 Industry
Due Date	11/9/2016
Status	OPEN

Description	Amount Due
Repairs to store due to a broken water main. Insured: Longs Directional Boring	
<i>INO Internal WO 14484678</i>	\$175.00
<i>INO Internal WO 14486064</i>	\$396.39
<i>Loss of Sales</i>	\$5,225.00
Sub Total	\$5,796.39
Payments Received	\$0.00
TOTAL DUE	\$5,796.39

Please make checks payable to: **IN-N-OUT BURGER** and return the original invoice with your remittance

*If you have any questions concerning this invoice,
please contact Heidi M.O'Keefe at (949) 509-6265*

Work Order Report

Details

Work Order #	Route	Store	Created	Status	Work Order Priority	Technician
14484678	B	066 Industry	3/16/16 12:48 pm	Closed	SCHEDULE	

Labor

Service Technician	Start	End	Minutes	Type	Amount\$
..	3/16/2016 10:30:00AM	3/16/2016 11:00:00AM	30	LABOR	\$50.00
	3/16/2016 11:30:00AM	3/16/2016 12:45:00PM	75	LABOR	\$125.00
					<u>\$175.00</u>

Parts

Part #	Description	Qty.	Price\$	Amount\$
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Purchase Orders

PO #	Vendor	Amount\$
------	--------	----------

Work Order Notes

Created By **WO SOLUTION** On 3/16/2016 12:48:16PM
water main broken. Worked with water company with trying to back feed store. assisted with closure.

Created E **WO DESC** On 3/16/2016 12:48:16PM
no water to store.

Created B **WO SOLUTION** On 3/16/2016 12:49:52PM
water main broken. Worked with water company with trying to back feed store. assisted with closure.

Created B **WO DESC** On 3/16/2016 12:49:52PM
no water to store.

Work Order Report

Details

Work Order #	Route	Store	Created	Status	Work Order Priority	Technician
14486064	B	066 Industry	3/16/16 6:55 pm	Closed	AM PRIORITY	...

Labor

Service Technician	Start	End	Minutes	Type	Amount\$
	3/17/2016 6:00:00AM	3/17/2016 6:45:00AM	45	TRAVEL	\$75.00
	3/17/2016 6:45:00AM	3/17/2016 8:15:00AM	90	LABOR	\$150.00
					<u>\$225.00</u>

Parts

Part #	Description	Qty.	Price\$	Amount\$
72643	MOTOR CARBINATOR	1.00	\$125.09	\$125.09
70938	PROCON PUMP	1.00	\$46.30	\$46.30
				<u>\$171.39</u>

Purchase Orders

PO #	Vendor	Amount\$
------	--------	----------

Work Order Notes

- Created By **WO SOLUTION** On 3/16/2016 6:48:39PM Contact [redacted]
Found bad motor and seized procon. replaced motor and procon pump. purged system. tested.
- Created By **WO DESC** On 3/16/2016 6:48:39PM Contact [redacted]
DRIVE DRINK STATION CARBINATOR NOT PRODUCING WATER
- Created By **WO SOLUTION** On 3/17/2016 8:41:59AM Contact J [redacted]
Found bad motor and seized procon. replaced motor and procon pump. purged system. tested.
- Created By **WO DESC** On 3/17/2016 8:41:59AM Contact JOI [redacted]
DRIVE DRINK STATION CARBINATOR NOT PRODUCING WATER

Heidi O'Keefe

From: Karen Adams
Sent: Thursday, April 14, 2016 9:41 AM
To: Heidi O'Keefe
Subject: RE: Store #66 - DOL: 03/16/2016

Sensitivity: Confidential

Hi Heidi,

Based on the three prior Wednesdays during that time frame, estimated lost sales are \$5,255.

Karen Adams | Manager, Financial Planning and Analysis

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From: Heidi O'Keefe
Sent: Monday, April 11, 2016 4:31 PM
To: Karen Adams
Subject: Store #66 - DOL: 03/16/2016

Karen,

I need to get loss of sales for store #66 for 3/16/16. Apparently there was an outside company doing some work out there on the street and they broke the main water line to the store, so the store was closed on 3/16/16 from 8:00 AM and opened back up at approx. 4:15 PM.

Thanks,

Heidi M. O'Keefe | Senior Liability Claims Administrator
o 949 509 6265 | f 949 509 6266
email: HOkeefe@innout.com



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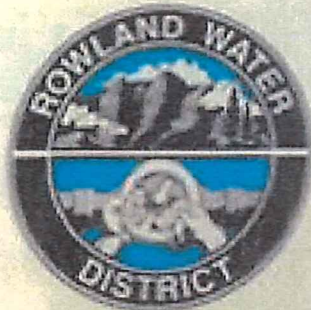
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Closed on alternate Fridays

Rowland Water District

DAVE SAUBIN

P.O. Box 8460
3021 So. Fullerton Road
Rowland Heights, CA 91748

Phone: (562) 697-1726
FAX: (562) 697-6149

e-mail address: info@rowlandwater.com
web site address: www.rowlandwater.com

Tab

2.15



ROWLAND WATER DISTRICT

CROSS-CONNECTION CONTROL SPECIALIST

Definition

Under general direction of the Operations Superintendent or the Water Systems Supervisor, the primary duties and responsibilities of this position involve performing the following: coordinating and administrating the District's Cross-Connection Control Program including the recycled water system, operating, maintaining and repairing potable and recycled water transmission and distribution pumping and storage systems; monitoring and maintaining water quality standards; and performing other related duties as required.

Example of Duties – Duties may include but are not limited to the following:

- Perform site surveys/inspections for backflow and cross-connection control within the District to evaluate the degree of hazard.
- Coordinate mailings of backflow testing notices, recycled water permit applications, and follow-up notifications.
- Performs testing and repair on District owned backflow devices.
- Perform site surveys for the conversion/retrofit of irrigation and industrial process systems from potable water to recycled water.
- Works with customers on the design, plans, specifications, estimates, and reports for on-site recycled water construction projects.
- Monitors recycled water use sites to ensure their compliance with District regulations.
- Inspects the installation of on-site recycled and potable systems to ensure compliance with District and State standards.
- Perform inspection of recycled water sites for compliance under the Districts Recycled Water Rules and Regulations.
- Maintain accurate records of sites using recycled water.
- Controls daily operational functions of potable and recycled water distribution and storage systems.
- Performs, documents, and evaluates preventive maintenance procedures on water system facilities.
- Collects and analyzes water quality data and prepares mandatory chemical and microbiological reports.

- Performs and documents regular inspections of portable and stationary emergency backup power equipment.
- Operate, maintain and monitor RCS systems, wells, pump stations, inter-connections, telemetry systems, and reservoirs.
- Maintains written and electronic databases which may include but are not limited to: source and finished water quality analyses; preventive maintenance procedures; fire-flow evaluations; customer water quality complaints and; cross-connection control and backflow prevention assembly inspections.
- Stays current with water quality regulations and works cooperatively with other District personnel to ensure compliance of water quality regulations, standards and objectives.
- Utilizes appropriate safety equipment and procedures in the performance of duties.
- Responds to emergency situations on an “as needed” basis.
- Performs other tasks as assigned.

Typical Physical Activities

Physical activities may include but are not limited to:

- Operates various types of District vehicles used in daily field operations.
- Must be able to carry, push, pull and lift equipment or parts weighing up to 90 pounds. Performs strenuous tasks while wearing either a respirator or self-contained breathing apparatus.
- Performs procedural tasks in environments which may involve exposure to chemicals typically used in water transmission and distribution.
- Entry into various degrees of permitted confined spaces and climbing ladders to heights up to 50 feet.
- Extended or intermittent periods of walking, climbing, lifting, bending, pulling and/or pushing, grasping, reaching, stooping, crouching, sitting or standing.
- Works in inclement weather and environments exposed to heat, noise, dust and dirt.
- Keyboard entry, reading, writing, color determination.

Journey Level Knowledge of:

- Procedures, methods, tools and equipment used in the operation and maintenance of water distribution equipment and appurtenances.
- Types of information technology (IT) systems used in telemetering.
- Mathematical principles related to water industry computation of flows, pressures, volumes and chemical dosages.
- Approved regulatory procedures for water quality sample collection and handling.
- Facility maintenance record keeping.
- Safety requirements relating to electricity, confined space, chemical handling and rotating machinery.
- Drinking water standards and regulatory compliance.
- Relevant regulatory agencies and their representatives.
- Applicable uses of Office Suite software programs and other related software applications.
- Safe handling of chemicals.

Journey Level Ability to:

- Accurately read and interpret meters, gauges, instruments and charts.
- Maintain, repair, or facilitate repairs to water system facilities, pumps, motors, IC engines, reservoirs, meters, telemetering equipment, control valves and water mains.
- Service emergency pumping or electrical generating equipment.
- Collect and handle water quality samples.
- Perform applicable mathematical calculations.
- Deal tactfully and courteously with the public, the District's contractors/vendors, or other interested parties.
- Operate motorized vehicles and power driven equipment used in water service work.
- Maintain accurate inventory and maintenance recordkeeping.
- Employ practical writing skills.
- Employ practical computer skills.
- Establish a cooperative working relationships with other District employees and promote practical conflict resolution when needed.
- Perform tasks with hearing and vision capabilities corrected to normal ranges.

Desirable Education and Experience

High school diploma or equivalent. Three (3) years combined experience in operating and maintaining complex water systems with responsibilities for water supply, water distribution and water quality monitoring.

Special Requirements

Possession of a valid California driver's license (Class C) issued by the California Department of Motor Vehicles with satisfactory evidence of a good driving record. This position's driving record must be free of multiple or serious traffic violations or accidents for a minimum period of two (2) years and cannot adversely affect the District's automobile liability insurance rates.

California State Water Resources Control Board/Department of Public Health Grade 3 Water Distribution Certification.

Certification as a State of California, Division of Drinking Water, Grade T2, Water Treatment Operator.

Certification as an AWWA CA/NV Section Backflow Prevention Assembly - General Tester.

Certification as an AWWA CA/NV Section Cross-Connection Control Program Specialist, or equivalent.

Satisfactory results received from a physical examination, including pulmonary function test and drug screening. The District will also conduct a comprehensive pre-employment background investigation.

Required to be on stand-by duty status for a continuous period of seven (7) days at scheduled intervals throughout the year. Stand-by duty status requires regular verification of potable and recycled water system conditions and the immediate response to emergency alarms or callouts.

In order to respond to emergencies in a reasonable time period, this position requires that the employee must be capable of responding and reporting to the District service area boundaries within thirty (30) minutes, given moderate traffic conditions, to any call to service. Travel time from employee's residence shall be estimated by Google Maps or some equivalent software and approved by employee's supervisor.

This position serves a mandatory six-month probationary period.

Overtime Assignments

The purveyance of water is a vital service to the community and as such requires the availability of District personnel at all times. Consequently, employees will be required to respond to emergency calls, accept periodic overtime assignments, and perform any and all duties deemed necessary by the District. Lacking a bona fide excuse satisfactory to the District, a failure to report when called could result in termination.

Fair Labor Standards Act

For the purposes of the Fair Labor Standards Act, this position shall be considered a General Employee Unit, "non-exempt" position.

Equal Opportunity Employer

Rowland Water District is an equal opportunity employer and does not discriminate in hiring, training, promotion, compensation or terms of employment on the basis of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex.

Americans With Disabilities Act

The District will make such reasonable accommodation to enable persons with disabilities to fulfill the requirements of the position in accordance with the Americans With Disabilities Act of 1990.

*Job Descriptions only present a descriptive summary of the range of duties and responsibilities for the specified position. Therefore, Job Descriptions **may not include all** duties performed by individuals holding the position. In addition, job descriptions are intended to outline the **minimum** qualifications necessary for entry into the position and do not necessarily convey the qualifications of incumbents within the position. Job Descriptions shall be periodically reviewed and updated by the General Manager.*

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

Employee Signature

Date

Supervisor Signature

Date

Tab

2.16

**Rowland Water District
Communication Strategies Update
December 13, 2016**

- **Proposition 218 Notice**
 - Draft notice being finalized
 - Press release to be prepared

- **District Industry Recognition (see attached)**
 - Opflow Magazine
 - Caselle Corporate Video
 - ACWA "Next Gen" Video

- **Additional Releases**
 - OPARC released
 - Solar Cup/Santana High School
 - ACWA Video Release / RWD Inclusion

- **District Video**
 - Interviews underway
 - o John "Cinco" Rowland V complete
 - o Others to be scheduled
 - B-Roll underway
 - o Board meeting complete
 - o Historic photography being treated
 - o District facilities to be scheduled
 - o Drone opportunities to be scheduled
 - Script being drafted

- **Miscellaneous**
 - Educational brochure (final complete)
 - Additional conservation outreach planning
 - Website (sliders and text updated as needed)
 - On-Hold Messages

• Press Releases

Date	News Story	In Process	Completed	Distributed
1/21/16	El Nino Preparations	*****	*****	*****
2/29/16	OPARC Program	*****	*****	*****
3/1/16	Learning Center MOU/Interns	*****	*****	
3/1/16	Audit Review and Completion	*****	*****	*****
3/31/16	ACWA/JPIA Refund	*****	*****	*****
6/1/16	Certificate of Excellence	*****	*****	*****
6/1/16	Solar Cup	*****	*****	*****
6/27/16	CCR Availability	*****	*****	*****
7/6/16	Urban Water Management	*****	*****	*****
7/9/16	Poster Contest	*****	*****	*****
7/27/16	Level 1 Water Supply	*****	*****	*****
7/31/16	Annual Budget	*****	*****	*****
8/2/16	Conflict of Interest	*****	*****	*****
9/22/16	Water Rates	*****		
9/30/16	Customer Appreciation Week	*****	*****	*****
10/31/16	OPARC Event	*****	*****	*****
11/7/16	Santana/Solar Cup	*****	*****	*****

Industry Recognition:

ROWLAND WATER DISTRICT

National Publication Identifies RWD as Leader in Water Quality

CLICK TO LEARN MORE →

RC **MR. MICHAEL WELSH**
"WE SAW A MAJOR IMPROVEMENT IN WATER QUALITY. PAX'S SOLUTIONS ARE MUCH BETTER THROUGHOUT THE SYSTEM AND SIGNIFICANTLY REDUCED COSTS."
- Michael Welsh, General Manager

PAX
Water Treatment Solutions

Sean Henry | Finance Officer
Rowland Water District, CA

1:45 / 3:31

Windows taskbar icons: File Explorer, Mail, Photos, Edge, OneDrive, Store, Settings, Task View, Search, and other system icons.



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Relevant Content

You might also be interested in these...

State Water Board to Require Water Systems to Provide Lead Sampling in Schools

Villaraigosa Added to Line-up of Speakers at ACWA Fall Conference

Home > News > Water News

ACWA Conference Forum Focuses on Recruiting Next Generation of Water Leaders

Submitted by Pamela Martineau on Wed, 11/23/2016 - 1:18pm in All Water News

ACWA is offering a special Statewide Issue Forum at its Fall Conference & Exhibition in



Anaheim next week that will focus on attracting and engaging the next generation of water leaders throughout the state.

The forum, titled "Why it Matters? Generational Diversity & the Changing Workplace," will examine the importance of recruiting new water leaders into the water industry and the ways some agencies are going about attracting new talent.

The program will feature a new video produced by CV Strategies in partnership with ACWA. [See a preview here.](#)

Scheduled for Thursday, Dec. 1 from 9:30 to 11 a.m., the forum will be moderated by Kevin Wheeler, president/founder of the Future of Talent Institute. It will feature panelists: Martin Zvirbulis, general manager/CEO of Cucamonga Valley Water District; Joone Lopez, general manager of Moulton Niguel Water District; and Salam Baqlah, program manager with Santa Clara Valley Water District.

The program is part of a new ACWA initiative to assist members with developing and engaging the

Latest Water News



State Water Board to Require Water Systems to Provide Lead Sampling in Schools



Villaraigosa Added to Line-up of Speakers at ACWA Fall Conference



Little Hoover Commission to Study Tree Mortality in 2017



Draft Long-Term Conservation Framework Will Not be Released This Week

[MORE WATER NEWS >](#)



Memorandum

To: Board of Directors

From: Brittnie Van De Car
Public Affairs Representative

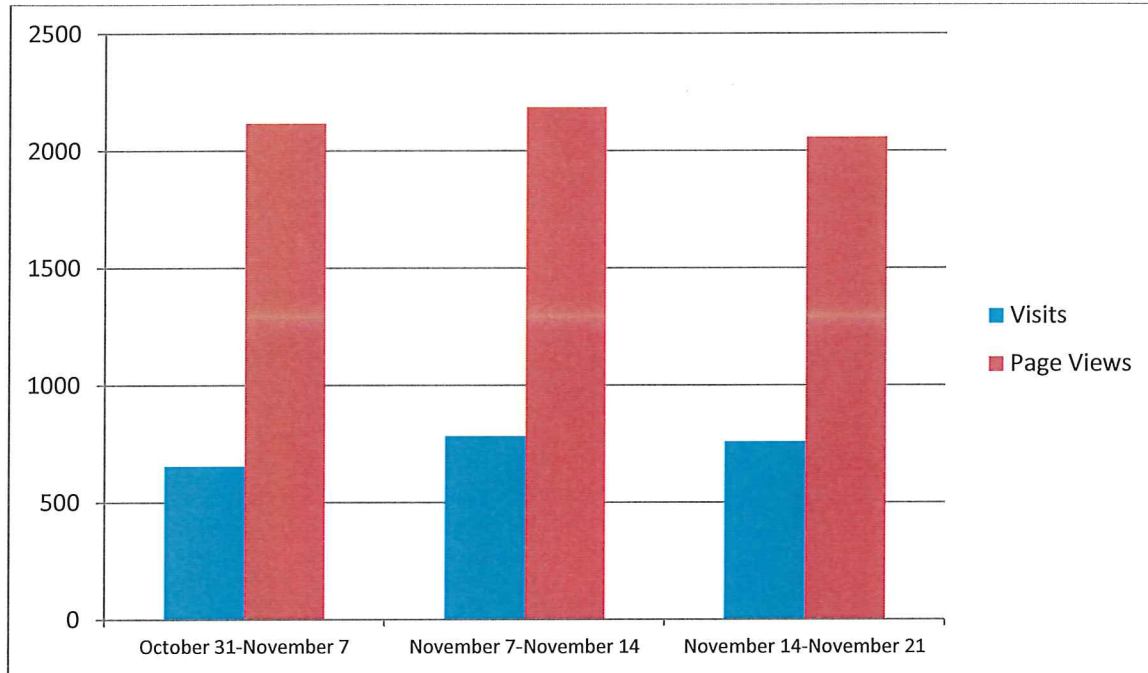
Date: December 13, 2016

Re: Public Affairs & Education Update

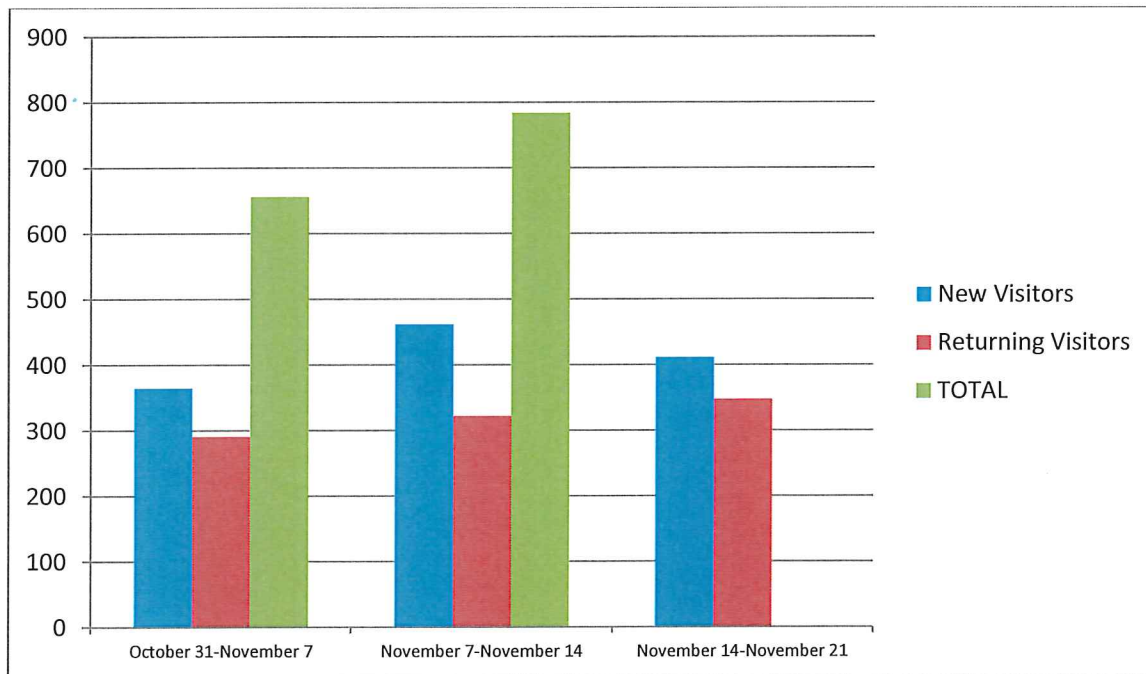
- Delivered the educational brochure to the schools
- Working with Erin on press releases
- Met with the principal from Yorbita Elementary School regarding our education program. She will promote our education program to the teachers. Yorbita Elementary School was the only school that hasn't participated in our programs
- Created a Survey Monkey to send out to the teachers that have participated in the classroom presentations.
 - The Teacher Evaluations are anonymous and provide valuable feedback
 - The feedback is used to develop and enhance future presentations
- Keeping up-to-date with the WaterSense partnership program:
 - Printing appropriate promotional material and placing it at the Customer Service Counter for distribution to customers
- Attending bi-monthly webinars on upcoming promotional items and programs put on by the Environmental Protection Agency (EPA) WaterSense program
- Updating the Lobby Player on a daily/weekly basis
- Checking the Google Analytics weekly (see attached data charts)
 - The "Website Visits and Pageviews" allows us to determine the number of **new** vs. **returning** visitors and the **source** of viewing
- The "Pageviews" allows us to evaluate which pages on the website are viewed most frequently
- Adding all new customer emails to Constant Contact to be utilized as a customer newsletter database
- Creating content, ideas and layout for quarterly e-newsletter
- Checking the District's FaceBook and Twitter page weekly
 - Posting necessary information on the pages
- Maintain and view District website on a daily basis
 - Update pages
 - Make relevant changes
 - Updating the Drought Monitor page weekly
 - Upload the Board packet, minutes and agendas when necessary
- Attended the monthly WEWAC meeting on Tuesday, November 22, 2016
- Attended the National Theatre for Children performance at Jellick Elementary School on Tuesday, November 22nd
- Attended the MWD poster contest ceremony on December 8, 2016

December 2016 Google Analytics

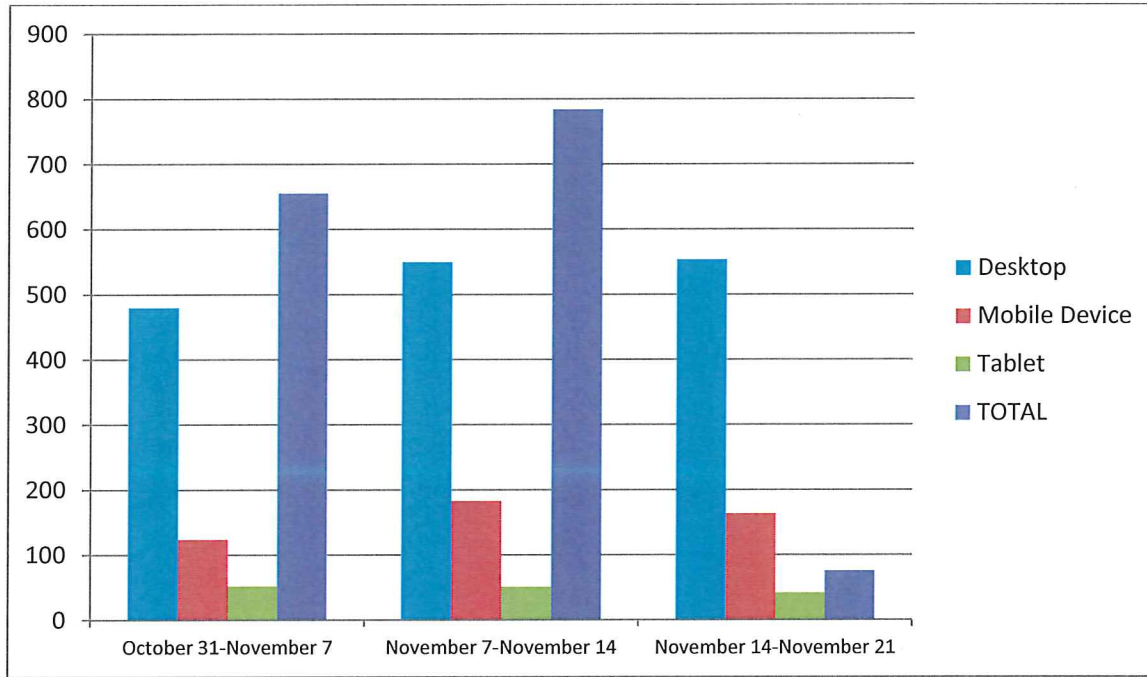
Website Visits and Pageviews



New vs. Returning Visitors



Source of Viewing



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2.17



Urban Water Institute's Spring Water Conference "Water, Worries & Wonders"

Confirmed Topics:

(List In Formation)

California Water Fix

Climate Change

Denver Urban Update

Direct Potable Reuse

Groundwater Management
Legislation

Lower River Issues

Proposed State Board Regulations

Storm Water Into Drinking Water

Water Security & Tribalism

Confirmed Speakers:

(List In Formation)

Trevor Joseph

California Department of Water Resources

Jim Lochhead

Denver Water

Mark Pestrella

*Los Angeles County Department
of Public Works*

Chairman Randy Record

*Metropolitan Water District of
Southern California*

Fran Spivy-Weber

State Water Resources Control Board

February 8-10, 2017
Hilton Palm Springs Hotel
400 East Tahquitz Canyon Way
Palm Springs, CA 92262

For more information please contact the Urban Water Institute
at (949) 679-9676 or eva@stacy-davis.com

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As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. Also, to prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT
Wednesday, November 16, 2016 at 8:00 AM

The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.

Item 1 – Call to Order

De Jesus

Item 2 – Pledge of Allegiance

De Jesus

Item 3 – Roll Call

Executive Assistant

- Bob Kuhn, Division IV
- David De Jesus, Division II
- Brian Bowcock, Division III
- Joe Ruzicka, Division V
- Dan Horan, Division VII
- Carlos Goytia, Division I
- Fred Lantz, Division VI

Item 4 – Additions to Agenda (Government Code Section 54954.2(b)(2))

De Jesus

Upon a determination by a two-thirds vote of the members of the Board present at the meeting, or if less than two-thirds of the members of the Board are present, a unanimous vote of the Board members present, that there is a need to take immediate action, and that the need for action came to the attention of TVMWD subsequent to the agenda being posted. *The Board shall call for public comment prior to voting to add any item to the agenda after posting.*

Item 5 – Reorder Agenda

De Jesus

Item 6 – Public Comment (Government Code Section 54954.3)

De Jesus

Opportunity for members of the public to directly address the Board on items of public interest that is within the subject matter jurisdiction of TVMWD. The public may also address the Board on items being considered on this agenda. TVMWD requests that all public speakers complete a speaker's card and provide it to the Executive Assistant.

We request that remarks be limited to five minutes or less

Item 7 – Consent Calendar

De Jesus

The Board is being asked to consider the Consent Calendar items 7.1-7.8 listed below. Consent Calendar items are routine in nature and may be considered and approved by a single motion. Any member of the Board may request that a specific item be pulled from the Consent Calendar for further discussion.

7.1 – Receive, Approve and File Minutes – October 2016 [enc]

- October 5, 2016 – Regular Board Meeting
- October 19, 2016 – Regular Board Meeting

7.2 – Receive, Approve and File Financial Reports and Investment Update – October 2016 [enc]

- Change in Cash and Cash Equivalents Report
- Consolidated Listing of Investment Portfolio and Investment Report
- YTD District Budget Monthly Status Reports
- Warrant Summary Disbursements

7.3 – Approve CY 2017 Holiday Schedule [enc]

The Board will consider approval of the proposed CY 2017 Holiday Schedule.

7.4 – Approve CY 2017 Proposed Meeting Schedule [enc]

The Board will consider approval of the proposed Meeting Schedule that includes all Board Meetings and known major conference events planned for CY 2017.

7.5 – Approve Amendment to December 2016 Board Meeting Schedule [enc]

The Board will consider approval to cancel the December 21, 2016 meeting. If approved, a single Board meeting will be held on Wednesday, December 7, 2016 at 8:00 a.m.

7.6 – Approve Resolution No. 16-11-787 Declaring Certain District Property As Surplus [enc]

Approval of this action hereby affirms the direction provided to staff in accordance with procedures established by Resolution No. 11-04-488 (2004).

7.7 – Receive and file 1st Quarter FY 16/17 Reserve Schedule [enc]

The Board will be provided a first quarter update of TVMWD's reserve schedule.

7.8 – Approve Resolution No. 16-11-788 Tax Sharing Exchange with County Sanitation District, Annexation 21-751

Approval of this resolution operates to accept the action for the tax sharing exchange by the County Sanitation District.

Item 7: Board Action Required – Motion No. 16-11-5107
Staff Recommendation: Approve as presented

Item 8 – General Manager's Report

Hansen

Item 8.A – Administration staff will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

8.A.1– Legislative Update, November 2016 [enc]

The Board will be provided with an update of legislative activities occurring at state and federal levels, along with the outcome of the General Election held on November 8, 2016.

8.A.2 – Approve Director Expense Forms, October 2016 [enc]

The Board will consider approval of the October 2016 Director expense reports that include disclosure of per diem requests for meeting attendance, and an itemization of any expenses incurred by TVMWD.

Item 8.A.2: Board Action Required – Motion No. 16-11-5108
Staff Recommendation: Approve as presented

Item 8.B – Engineering-Operations staff will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

8.B.1 – TVMWD Grand Ave Well (Project No. 58446) – Design and Construction Management/Inspection Services [enc]

The Board will consider and approve the staff recommended Proposal for Design, Construct Management and Inspection Services for the planned TVMWD Well No. 4, Project #58446 that was reviewed during the November 2, 2016 Board Meeting, and direct the General Manager to enter into an agreement.

Item 8.B.1: Board Action Required – Motion No. 16-11-5109
Staff Recommendation: Approve as presented

8.B.2 – Break Room Renovation, Project #58147 [enc]

The Board will consider and approve the staff recommended construction bid for the proposed TVMWD Break Room Renovation, Project #58147 and direct the General Manager to enter into an agreement.

Item 8.B.2: Board Action Required – Motion No. 16-11-5110
Staff Recommendation: Approve as presented

8.B.3 – TVMWD Baseline Road Well Project Update (Project No. 58458) [enc]

The Board will be provided with an update on the status of the proposed project.

8.B.4 – Calendar Year Imported Water Purchases – October, 2016 [enc]

The Board will review the imported water purchases for the month ending October 2016.

8.B.5 – Miramar Operations Report – October 2016 [enc]

The Board will review the monthly Miramar Operations Report that includes a summary of the following reports: water quality, monthly production, monthly and year-to-date sales, hydro-generation production and operations / maintenance review.

Item 8.C – Finance-Personnel staff will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

8.C.1 – Approve PARS Trust Program

The Board will consider approval of Resolution No. 16-11-789 to participate in the PARS Post-Employment Benefits Trust Program that was reviewed during the November 2, 2016 Board Meeting, and direct the Plan Administrator (James Linthicum) to enter into any necessary agreements.

Item 8.C.1: Board Action Required – Motion No. 16-11-5111
Staff Recommendation: Approve as presented

Item 9 – Directors’ / General Manager Oral Reports

The following reports are provided by Directors as it concerns activities at the most recent meeting of the agency of which they are assigned to serve as the representative or alternate of TVMWD (*To assist you, the most recent meeting date is shown in parenthesis*).

9.A – Local Agency Formation Commission (October 12, 2016)	Ruzicka
9.B – Pomona-Walnut-Rowland Joint Water Line (PWR-JWL) (October 20, 2016)	Horan
9.C – Six Basins Watermaster (October 26, 2016)	Bowcock
9.D – Main San Gabriel Basin Watermaster (November 2, 2016)	Bowcock
9.E – Chino Basin Watermaster (October 27, 2016)	De Jesus
9.F – San Gabriel Basin Water Quality Authority (October 19, 2016)	Horan
9.G – San Gabriel Valley Council of Governments (October 20, 2016)	Goytia
9.H – Metropolitan Water District (November 8, 2016)	De Jesus
9.I – Additional Board Member or Staff Reports / Comments	All

Item 10 – Closed Session

10.A Conference with Legal Counsel – Anticipated Litigation, pursuant to Government Code Section 59456.9(d)(2)

- Significant exposure to litigation, one potential case

10.B Conference with Legal Counsel – Existing Litigation, pursuant to Government Code Section 59456.9(d)(1)

San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-16-515282

10.C Conference with Legal Counsel – Existing Litigation, pursuant to Government Code Section 59456.9(d)(1)

Williams, et al. v. Moulton Niguel Water District, et al., California Court of Appeal, Fourth Appellate District, Division 3, Case No. G053002

Item 11 – Report out of Closed Session

Item 12 – Future Agenda Items

De Jesus

Item 13 – Adjournment

De Jesus

Board adjourned to December 7, 2016 Regular Board Meeting at 8:00 AM.

American Disabilities Act Compliance Statement
Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) that is sought in order to participate in the above agendized public meeting should be directed to the TVMWD's Executive Assistant at (909) 621-5568 at least 24 hours prior to meeting.

Agenda items received after posting
Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the TVMWD office located at, 1021 East Miramar Avenue, Claremont, CA, 91711. The materials will also be posted on the TVMWD website at www.threevalleys.com.

The Three Valleys MWD Board Meeting packets and agendas are available for review on the TVMWD website at www.threevalleys.com. The website is updated on Sunday preceding any regularly scheduled Board Meeting.



Action Line

Regular Board Meeting

November 16, 2016

This summary may not include all agenda items and should not be construed as minutes of the meeting.

FOR ADDITIONAL INFORMATION: 909-621-5568

BOARD MEMBERS

CARLOS GOYTIA
DIVISION I

DAVID DE JESUS
DIVISION II

BRIAN BOWCOCK
DIVISION III

BOB KUHN
DIVISION IV

JOSEPH RUZICKA
DIVISION V

FRED LANTZ
DIVISION VI

DAN HORAN
DIVISION VII

THREE VALLEYS MWD

1021 E. Miramar Avenue
Claremont, CA 91711
909-621-5568 — Phone
909-625-5470 — Fax
www.threevalleys.com

Board meetings
are scheduled for
8:00 a.m. the first
and third
Wednesday of
each month at
1021 E. Miramar
Claremont, CA

Director Kuhn had an excused absence from today's meeting.

Approved: *Motion No. 16-11-5107* approving Consent Calendar items 7.1-7.8 as follows: (7.1) Receive, approve and file, October 2016 Board Meeting Minutes for October 5, 2016 and October 19, 2016; (7.2) Receive, approve and file, October 2016 Financial Reports (7.3) Approve CY 2017 Holiday Schedule; (7.4) Approve CY 2017 Proposed Meeting Schedule; (7.5) Approve Amendment to December 2016 Board Meeting Schedule; (7.6) Approve **Resolution No. 16-11-787** Declaring Certain District Property As Surplus; (7.7) Receive and file 1st Quarter FY 16/17 Reserve Schedule; (7.8) Approve **Resolution No. 16-11-788** Tax Sharing Exchange with County Sanitation District, Annexation 21-751. The motion passed on a 6-0 vote with Director Kuhn absent.

Report: The Board was provided an information report on current legislative activities for November 2016 including updates concerning the outcome of the November 8, 2016 General Election.

Approved: *Motion No. 16-11-5108* approving Director Expense Forms for October 2016. The motion passed on a 6-0 vote with Director Kuhn absent.

Approved: *Motion No. 16-11-5109* approving the staff recommended proposal for Design, Construction Management and Inspection Services for the planned TVMWD Well No. 4, Project No. 58446, The motion passed on a 6-0 vote with Director Kuhn absent.

TVMWD is a water resources management agency that covers approximately 133 square miles and is governed by an elected Board of seven officials. The present population is about 525,000. Since its formation, the Three Valleys Municipal Water District has installed some 37,000 feet of pipeline and delivered more than 175 billion gallons of water.



Action Line

Regular Board Meeting

November 16, 2016 ~ Page 2 ~

Approved: *Motion No. 16-11-5110* approving the staff recommended construction bid for the proposed TVMWD Break Room Renovation, Project No. 58147. The motion passed on a 6-0 vote with Director Kuhn absent.

Approved: *Motion No. 16-11-5111* approving **Resolution No. 16-11-789** to participate in the PARS Post-Employment Benefits Trust Program. The motion passed on a 6-0 vote with Director Kuhn absent.

Closed Session: A closed session was convened commencing at 9:40 a.m. to discuss three items as follows:

(10.A) Conference with Legal Counsel, Anticipated Litigation, pursuant to Government Code Section 54956.9(d)(2); Significant exposure, one potential case.

(10.B) Conference with Legal Counsel, Existing Litigation, pursuant to Government Code Section 54956.9(d)(1); San Diego County Water Authority v. Metropolitan Water District of Southern California, et. al., San Francisco County Superior Court, Case No. CPF-16-515282.

(10.C) Conference with Legal Counsel, Existing Litigation, pursuant to Government Code Section 54956.9(d)(1); Williams, et.al., v. Moulton Niguel Water District, et.al, California Court of Appeal, Fourth Appellate District, Division 3, Case No. G053002

Closed Session Report: Regular Session was reconvened at 10:14 a.m. There was nothing to report pursuant to the Brown Act.

Upcoming Meeting Notices:

- **Wednesday, December 7, 2016 — Regular Board Meeting @ 8:00 a.m.**
- **Wednesday, December 21, 2016 Regular Board Meeting — CANCELLED**
- **Thursday, January 13, 2017 — CSDA Workshop — Board Member Best Practices (more information to follow)**