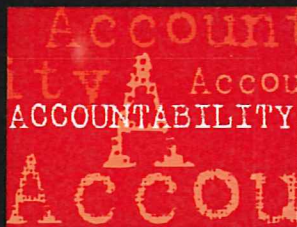
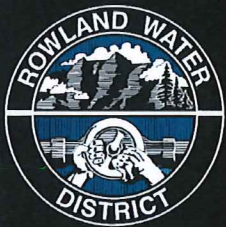


ROWLAND WATER DISTRICT

3021 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 12, 2017
6:00 p.m.



AGENDA
Regular Meeting of the Board of Directors
December 12, 2017
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 14, 2017**
Recommendation: The Board of Directors approve the Minutes as presented.
- 1.2 Approval of the Minutes of Special Board Meeting held on November 28, 2017**
Recommendation: The Board of Directors approve the Minutes as presented.
- 1.3 Demands on General Fund Account for October 2017**
Recommendation: The Board of Directors approve the demands on the general fund account as presented.
- 1.4 Investment Report for October 2017**
Recommendation: The Board of Directors approve the Investment Report as presented.
- 1.5 Water Purchases for October 2017**
For information purposes only.

Next Regular Board Meeting: January 9, 2018, 6:00 p.m.
Next Special Board Meeting: January 23, 2018, 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 2017**
Recommendation: The Board of Directors approve the Meeting Reimbursements as presented.
- 2.2 Review and Approve "Draft" RWD Financial Audit Report for Fiscal Year 2016-2017 Prepared by White Nelson Diehl Evans LLP**
Recommendation: The Board of Directors approve the Financial Audit report as presented.
- 2.3 Review and Approve Resolution 12-2017 of the Board of Directors Amending Board Policy for Election and Rotation of Board Officers**
Recommendation: The Board of Directors approve Resolution 12-2017 as presented.
- 2.4 Approve Executive Officer Positions of the Board of Directors for 2018**
Intentionally left blank. No recommendation provided.

- 2.5 **Review and Approve Board of Directors' Committee Assignments for 2018**
No recommendation provided.
- 2.6 **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.
- 2.7 **Review and Approve Resolution 12.1-2017 of the Board of Directors Appointing Representatives to the Puente Basin Water Agency**
Recommendation: The Board of Directors approve Resolution 12.1-2017 as presented.
- 2.8 **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.
- 2.9 **Review and Approve Resolution 12.2-2017 Establishing the Rowland Water District Investment Policy**
Recommendation: The Board of Directors approve Resolution No. 12.2-2017 as presented.
- 2.10 **Review and Approve Resolution No. 12.3-2017 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. 12.3-2017 as presented.
- 2.11 **Review and Approve Resolution No. 12.4-2017 Amending the District's "Retiree Health Benefits" Rule**
Recommendation: The Board of Directors approve Resolution No. 12.4-2017 as presented.
- 2.12 **Receive and File Rowland Water District's Statement of Operations For Period Ending September 30, 2017**
No recommendation provided.
- 2.13 **Receive and File Rowland Water District's Quarterly Investment Report as of September 30, 2017**
No recommendation provided.
- 2.14 **Review and Approve Agreement for Employment of General Manager**
Intentionally Left Blank. To be distributed at Board Meeting
Recommendation: The Board of Directors approve the Agreement as presented.

- 2.15 **Public Relations (Rose Perea)**
 - **Communications Outreach (CV Strategies)**
 - **Education Update**

For information purposes only.
- 2.16 **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 7-9, 2018, 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**
 - **Action Line/Agenda Regular Board Meeting held November 15, 2017**

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)**
- 5.9 **Rowland Heights Community Coordinating Council (Directors Lu-Yang/Bellah)**

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)

Tab 8 CLOSED SESSION

**CONFERENCE WITH LEGAL COUNSEL—
ANTICIPATED LITIGATION**

**Initiation of litigation pursuant to paragraph (4) of
subdivision (d) of Section 54956.9: (One Case)**

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 14, 2017 - 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:

Lutfi Kharuf, Legal Counsel, Best Best & Krieger
Erin La Combe Gilhuly, CV Strategies
Joe Ruzicka, Three Valleys Municipal Water District
Dan Horan, Three Valleys Municipal Water District
Teri Malkin, Resident

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

Upon motion by Director Lewis, seconded by Director Lima, the Consent Calendar was unanimously approved.

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 10, 2017

1.2

Approval of the Minutes of Special Board Meeting Held on October 17, 2017

1.3

Demands on General Fund Account for September 2017

1.4

Investment Report for September 2017

1.5

Water Purchases for September 2017

Next Special Board Meeting November 28, 2017, 6:00 p.m.
Next Regular Board Meeting December 12, 2017, 6:00 p.m.

Tab 2 - ACTION ITEMS

2.1

Review and Approve Directors’ Meeting Reimbursements for October 2017

Upon motion by Director Lima, seconded by Director Lewis, the Directors’ Meeting Reimbursements were unanimously approved.

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

2.2

Receive and File PWR Joint Water Line Commission Audit Report for Fiscal Year 2016-2017 Prepared by White Nelson Diehl Evans LLP

General Manager, Tom Coleman, advised that the Audit Report was presented and approved by the Commission at the last meeting held on October 19, 2017.

A motion was made by Director Lima, seconded by Director Lewis, to receive and file the PWR Joint Water Line Commission Audit Report for Fiscal Year 2016-2017. The motion was unanimously carried.

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

2.3

Consider Nomination of LAFCO Representative and Alternate Representative

No Nominations were made.

2.4

Select Voting Delegate to Vote at the ACWA Fall Conference for ACWA President and Vice President for the 2018-2019 Term

After discussion by members of the Board, upon motion made by Director Lima, seconded by Director Bellah, and unanimously carried, the Board selected Director Robert W. Lewis as the voting delegate at the ACWA Fall Conference to vote for the offices of President and Vice President for the 2018-19 Term.

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

2.5

Public Relations (Rose Perea)

Mrs. Perea advised that the Project Wet Teachers Workshop was held on October 17, 2017 at Three Valleys. There were five (5) teachers participating from the District's service area: Three (3) from Blandford Elementary, one (1) from Jellick Elementary and one (1) from Bixby Elementary. The teacher from Bixby Elementary advised that the National Theatre for Children had just performed at their school and that it was a huge success with the children and staff. The National Theatre for Children performed at Telesis Academy of Science and Math on October 24, 2017, at Rorimer Elementary on October 25, 2017, at Wedgeworth Elementary on November 6, 2017 and at Jellick Elementary on November 9, 2017. General Manager, Directors and Members of Staff attended the ForUs Foundation State of the Schools Breakfast on October 20, 2017 and Staff and their families, as well as the Directors participated in the Buckboard Days Parade on October 21, 2017. There were a total of 56 participants on the float.

Communications Outreach (CV Strategies)

Erin La Combe Gilhuly, CV Strategies, reported that they are working with Customer Service on analyzing and engaging social medial tools and have prepared a handout containing useful information on leaks for field staff to provide to customers. They are redesigning the District's electronic newsletter the "Rowland Quarterly" and will prepare a press release to accompany the launching of the newsletter. Ms. Gilhuly advised the Board that the District is a finalist for the Best in Blue Award and that the winner will be announced at the ACWA Conference on November 29, 2017. A Press Release was distributed on October 27, 2017. She provided staff and members of the Board with a copy of the "Municipal Water Leader" magazine, October issue, which contained the article *Make Yourself Heard: Communication Strategies for Successful Rates Outreach*, featuring the District. The November-December issue will feature the District's OPARC Program. Press Releases will accompany the magazine publications.

Education Update

No comments.

2.6

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

- None

Tab 3 LEGISLATIVE INFORMATION

3.1

Updates on Legislative Issues

Nothing to report.

Tab 4 REVIEW OF CORRESPONDENCE

4.1

- **OPARC Thank You Letter**
- **Letter from Steven E. LaMar, Irvine Ranch Water District**
For information purposes only.

Tab 5 COMMITTEE REPORTS

5.1

Three Valleys Municipal Water District

Director Lu-Yang reported on her attendance at the October 18, 2017 Board meeting and advised that they are developing a template for mileage from home to the destination so that the mileage calculations are consistent. He advised that Director Kuhn discussed the Water Bond which will be on the November 2018 ballot. Director Lima discussed his attendance at the November 1, 2017 meeting and advised that Cathy Cole, MWD Executive Legislative Representative, provided a detailed report on several Bills and Legislation which will be brought back for consideration in January 2018.

5.2

Joint Powers Insurance Authority

Director Lewis advised that he will be attending the JPIA meeting to be held at the ACWA Conference in November. General Manager, Tom Coleman, advised that the JPIA Property Committee had called a special meeting on October 31, 2017, in Sacramento, which he attended. The purpose of the meeting was to discuss a new underwriter for the property program which would provide a more robust policy and better coverage. Alliant is the proposed new underwriter who will be able to meet existing pricing with no increase in the premium. A decision will be made in January 2018.

5.3

Association of California Water Agencies

Director Lewis advised that he will be receiving a full briefing at the Fall Conference which he will report on at the next Board meeting. He noted that there is great interest in getting the Delta Fix underway before the current administration leaves office.

5.4

Puente Basin Water Agency

Mr. Lima reported on his attendance at the meeting held on November 9, 2017, and advised that the Old Baldy Agreement is moving forward and that an update on the Cal Domestic and Whittier projects was provided. The Pathfinder Pipeline will be completed in 2019-2020. The Agency is working with CV Strategies on Strategic Planning and Branding. The website went live on November 9, 2017 and contains valuable information on the Agency and on joint projects. CV Strategies is working on describing the identity of the two agencies (Walnut and Rowland) as they have combined their efforts to form a Joint Powers Authority (JPA) to accomplish major projects more effectively and with a greater cost-sharing benefit. They are in the process of finalizing a tri-fold information brochure on the Agency.

5.5

Project Ad-Hoc Committee

Nothing to report.

5.6

Regional Chamber of Commerce

Director Lewis advised that Rowland Water District hosted the November luncheon and that General Manager, Tom Coleman, provided information on the District and played the video on the history of the District which was well received.

5.7

PWR Joint Water Line Commission

Director Lima reported on his attendance at the meeting held on October 19, 2017, and advised that the Commission approved the 2016-2017 Fiscal Year Audit.

5.8

Sheriff's Community Advisory Council

Nothing to report.

5.9

Rowland Heights Community Coordinating Council

President Lu-Yang reported on her attendance at the November 13, 2017 meeting and advised that the Council is continuing in their efforts to ban the retail sale of marijuana in Rowland Heights.

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1

Finance Report

Finance Officer, Sean Henry, presented a Revenue Summary and advised that potable water sales had increased in the last three months and that District Reserve levels for the past three months have remained stable without having to draw extra monies to cover expenses.

6.2

Operations Report

Director of Operations, Dave Warren, reported that the second round of interviews for the position of Maintenance Worker in the Operations Department had been completed. The District is continuing to operate the Cal Domestic pipeline at approximately 2500 gallons per minute and is expecting to receive water continuously throughout the winter.

6.3

Personnel Report

Nothing to report.

Tab 7 ATTORNEY’S REPORT

Nothing to report.

Tab 8 CLOSED SESSION

Legal Counsel, Lutfi Kharuf, adjourned the meeting to closed session at 6:52 p.m. and announced that the purpose of the closed session, and the provisions of the Brown Act authorizing the closed session were listed in the agenda.

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (One Case)

The closed session was adjourned and the Board resumed the meeting in open session at 7:02 p.m.

Upon returning to open session, legal counsel reported that the Board took no reportable action in connection with this matter.

Directors’ and General Manager’s Comments

General Manager, Tom Coleman, briefed the Board on items to be discussed at the upcoming Special Meeting on November 28, 2017.

Future Agenda Items

None.

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 7:12 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 28, 2017 – 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

ABSENT:

Director Teresa P. Rios (Excused)

OTHERS PRESENT:

Joseph P. Byrne, Legal Counsel, Best Best & Krieger

ROWLAND WATER DISTRICT STAFF:

Tom Coleman, General Manager
Rose Perea, Director of Administrative Services

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEMS

COMMENTS:

None.

Tab 1 ACTION ITEMS

1.1 Discuss Directors' Compensation

The Directors and staff discussed Directors' compensation. No action was taken.

1.2 CLOSED SESSION

Legal counsel, Joe Byrne, adjourned the meeting to closed session at 6:38 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.

- (1) Public Employee Performance Evaluation Pursuant to Government Code Section 54957.** Performance Review for General Manager.
- (2) Conference with Legal Counsel - Anticipated Litigation Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (One Case)**

The closed session was adjourned and the Board resumed the meeting in open session at 7:56 p.m. Legal counsel, Joe Byrne, reported in open session that no reportable action was taken.

Directors' and General Manager's Comments

General Manager, Tom Coleman, advised the Board that staff was working with legal counsel to revise the District's health benefits provisions. The Resolution to adopt the changes will be brought before the Board at the December meeting.

Future Agenda Items

None.

Late Business

None

Next Regular Board Meeting

December 12, 2017, 6:00 p.m.

A motion was made by Director Lima, seconded by Director Lewis, and unanimously carried to adjourn the meeting. The meeting was adjourned at 8:14 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
23526						
10/17	10/09/2017	23526	1050	ACWA JOINT POWERS INSURANCE A	WORKERS' COMP QUARTERLY PREMIUM	12,178.91
Total 23526:						12,178.91
23527						
10/17	10/09/2017	23527	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	38,237.61
10/17	10/09/2017	23527	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	508.32
10/17	10/09/2017	23527	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	56.40
10/17	10/09/2017	23527	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	3,000.08
10/17	10/09/2017	23527	1000	ACWA JPIA	RETIREES HEALTH BENEFITS	12,567.76
10/17	10/09/2017	23527	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	9,665.45
Total 23527:						64,035.62
23528						
10/17	10/09/2017	23528	62440	BNY MELLON NA	MANAGEMENT FEES	2,387.43
Total 23528:						2,387.43
23529						
10/17	10/09/2017	23529	62524	BRITTNIE VAN DE CAR	MILEAGE REIMBURSMENT	15.52
10/17	10/09/2017	23529	62524	BRITTNIE VAN DE CAR	TOTAL EXPENSES-MWD EDUCATION MEETING	28.75
Total 23529:						44.27
23530						
10/17	10/09/2017	23530	62493	CADWAY INC (CAL DOMESTIC WATE	WATER CHARGE	27,787.20
10/17	10/09/2017	23530	62493	CADWAY INC (CAL DOMESTIC WATE	RTC CDWC	619.66
Total 23530:						28,406.86
23531						
10/17	10/09/2017	23531	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	20,749.50
Total 23531:						20,749.50
23532						
10/17	10/09/2017	23532	383	CLA-VAL	MATERIAL FOR PUMPS	847.03
Total 23532:						847.03
23533						
10/17	10/09/2017	23533	62263	COUNTY OF LOS ANGELES	SERVICE CUTS	515.00
Total 23533:						515.00
23534						
10/17	10/09/2017	23534	32	DAVE MILLER	MILEAGE REIMBURSEMENT	72.76
Total 23534:						72.76
23535						
10/17	10/09/2017	23535	16	DAVE WARREN	TOTAL EXPENSES-GAS	220.10

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 23535:						220.10
23536						
10/17	10/09/2017	23536	33	DUSTIN T MOISIO	MILEAGE REIMBURSEMENT	170.13
10/17	10/09/2017	23536	33	DUSTIN T MOISIO	TOTAL EXPENSES-TRI STATE CONFERENCE	48.82
Total 23536:						218.95
23537						
10/17	10/09/2017	23537	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FO RES	175.63
Total 23537:						175.63
23538						
10/17	10/09/2017	23538	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	1,036.05
10/17	10/09/2017	23538	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	51.64
10/17	10/09/2017	23538	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	77.01
10/17	10/09/2017	23538	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	288.08
10/17	10/09/2017	23538	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR COI	32.44
Total 23538:						1,485.22
23539						
10/17	10/09/2017	23539	244	INFOSEND INC	BILLING SERVICE	1,712.38
10/17	10/09/2017	23539	244	INFOSEND INC	BILLING SERVICE	22.62
Total 23539:						1,735.00
23540						
10/17	10/09/2017	23540	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	600.00
10/17	10/09/2017	23540	62066	JANITORIAL SYSTEMS	WINDOW CLEANING INSIDE & OUT	300.00
Total 23540:						900.00
23541						
10/17	10/09/2017	23541	3300	LAGERLOF SENEAL ET AL	EMERGENCY PREPARDNESS	589.78
Total 23541:						589.78
23542						
10/17	10/09/2017	23542	62573	MANAGED MOBILE INC	MAINTENANCE TRUCK 28	444.87
Total 23542:						444.87
23543						
10/17	10/09/2017	23543	62078	MCKINNEY CONSTRUCTION CO INC	REPAIR AIR VAC	556.96
Total 23543:						556.96
23544						
10/17	10/09/2017	23544	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR PUMPS	52.37
10/17	10/09/2017	23544	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RES	87.39
Total 23544:						139.76

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount	
23545	10/17	10/09/2017	23545	62525	MORROW-MEADOWS CORPORATION	REPLACED CONTROL TRANSFORMER ON TRANS	567.40
Total 23545:						567.40	
23546	10/17	10/09/2017	23546	62649	OPARC	OPARC TURKEY BOWL SPONSOR	1,000.00
Total 23546:						1,000.00	
23547	10/17	10/09/2017	23547	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEES	1,140.00
Total 23547:						1,140.00	
23548	10/17	10/09/2017	23548	62460	RYAN WHITE	MILEAGE REIMBURSMET	72.23
Total 23548:						72.23	
23549	10/17	10/09/2017	23549	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	38,368.76
10/17	10/09/2017	23549	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	4,263.20	
Total 23549:						42,631.96	
23550	10/17	10/09/2017	23550	5900	SOCALGAS	GAS UTILITY BILL	27.78
Total 23550:						27.78	
23551	10/17	10/09/2017	23551	62353	VERIZON	CONFERENCE CALLS	134.35
Total 23551:						134.35	
23552	10/17	10/10/2017	23552	3375	ANTHONY LIMA	MILEAGE REIMBURSEMENT	49.22
Total 23552:						49.22	
23553	10/17	10/10/2017	23553	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	24.61
Total 23553:						24.61	
23554	10/17	10/17/2017	23554	1050	ACWA JOINT POWERS INSURANCE A	LIABILITY INSURANCE TO 10-01-18	59,470.03
Total 23554:						59,470.03	
23555	10/17	10/17/2017	23555	3850	ATHENS SERVICES (MODERN SVC)	TRASH SERVICE	283.69
Total 23555:						283.69	

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
23556						
10/17	10/17/2017	23556	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,884.00
Total 23556:						1,884.00
23557						
10/17	10/17/2017	23557	6966	CINTAS CORPORATION LOC 693	UNIFORM RENTAL	2,946.38
Total 23557:						2,946.38
23558						
10/17	10/17/2017	23558	15	DAVE SHUBIN	MILEAGE REIMBURSEMENT	117.70
Total 23558:						117.70
23559						
10/17	10/17/2017	23559	2253	DUKE'S LANDSCAPING INC	GARDENING SERVICE	2,100.00
Total 23559:						2,100.00
23560						
10/17	10/17/2017	23560	2550	FRONTIER	INTERNET ACCESS	803.00
Total 23560:						803.00
23561						
10/17	10/17/2017	23561	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	298.11
10/17	10/17/2017	23561	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	1,478.59
Total 23561:						1,776.70
23562						
10/17	10/17/2017	23562	2690	HARPER & ASSOCIATES ENG.	Engineering and inspection services for Res 6	3,400.00
Total 23562:						3,400.00
23563						
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	199.76
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	430.25
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	284.28
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	184.40
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	169.03
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	299.64
10/17	10/17/2017	23563	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	307.33
Total 23563:						1,874.69
23564						
10/17	10/17/2017	23564	233	MCCALL'S METER SALES & SVC	FIELD METER TEST (3)	750.00
Total 23564:						750.00
23565						
10/17	10/17/2017	23565	257	MCMaster-CARR SUPPLY CO	SQUEEZE BOTTLES WITH NOZZLE, BLEACH LABE	65.70
10/17	10/17/2017	23565	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RES	87.55

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 23565:						153.25
23566						
10/17	10/17/2017	23566	62525	MORROW-MEADOWS CORPORATION	WELL 1 PUMP 2 VFD	7,358.65
Total 23566:						7,358.65
23567						
10/17	10/17/2017	23567	62562	RMC WATER AND ENVIRONMENT	AS NEEDED RW SRVS.	1,116.50
10/17	10/17/2017	23567	62562	RMC WATER AND ENVIRONMENT	AS NEEDED PW SRVS.	3,311.00
Total 23567:						4,427.50
23568						
10/17	10/17/2017	23568	62502	S & J SUPPLY COMPANY, INC	WHEELER REX DEEP SOCKET KIT W/RATCHET 96	247.00
10/17	10/17/2017	23568	62502	S & J SUPPLY COMPANY, INC	TAX	36.26
10/17	10/17/2017	23568	62502	S & J SUPPLY COMPANY, INC	W4991 CLOSE QUARTERS CUTTER 1/4"-2-3/8"	145.00
Total 23568:						428.26
23569						
10/17	10/17/2017	23569	339	S C W U A	RESERVATION (6)	180.00
Total 23569:						180.00
23570						
10/17	10/17/2017	23570	62166	SO CAL GAS CO	GAS UTILITY BILL-2505 ARTIGAS	52.25
Total 23570:						52.25
23571						
10/17	10/17/2017	23571	62325	THE BANK OF NEW YORK MELLON	TRUSTEE FEES	1,250.00
Total 23571:						1,250.00
23572						
10/17	10/17/2017	23572	62395	TRANSWORLD SYSTEMS INC	COLLECTION FEES	531.63
Total 23572:						531.63
23573						
10/17	10/17/2017	23573	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	214.60
Total 23573:						214.60
23574						
10/17	10/17/2017	23574	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	958.09
Total 23574:						958.09
23575						
10/17	10/20/2017	23575	4750	PWR JT WATER LINE COMMISSION	490 AC FT-AUG 2017 WATER	483,728.70
10/17	10/20/2017	23575	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	6,908.79
10/17	10/20/2017	23575	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,091.75
10/17	10/20/2017	23575	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	1,648.68

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 23575:						493,377.92
23580						
10/17	10/23/2017	23580	4600	AIRGAS USA LLC	TANK RENTAL	72.35
Total 23580:						72.35
23581						
10/17	10/23/2017	23581	62475	ALLEN DAVIDSON	TOTAL EXPENSES-TRI STATE CONFERENCE	71.22
Total 23581:						71.22
23582						
10/17	10/23/2017	23582	1625	ANTHEM BLUE CROSS	RETIREE HEALTH BENEFITS	960.84
Total 23582:						960.84
23583						
10/17	10/23/2017	23583	400	AT&T MOBILITY	MOBILE PHONES, IPADS	2,216.83
Total 23583:						2,216.83
23584						
10/17	10/23/2017	23584	1476	BUSINESS CARD (VISA)	CONFERENCE EXPENSE	57.75
10/17	10/23/2017	23584	1476	BUSINESS CARD (VISA)	TOOLS & SUPPLIES	307.24
10/17	10/23/2017	23584	1476	BUSINESS CARD (VISA)	VEHICLE EXPENSE	76.76
10/17	10/23/2017	23584	1476	BUSINESS CARD (VISA)	MEMBERSHIP FEES	25.00
10/17	10/23/2017	23584	1476	BUSINESS CARD (VISA)	EMPLOYEE REC DINNER 2018	2,290.00
Total 23584:						2,756.75
23585						
10/17	10/23/2017	23585	62071	CALIFORNIA LIVING INC	INTERIOR PLANT MAINTENANCE	430.00
Total 23585:						430.00
23586						
10/17	10/23/2017	23586	371	CIVILTEC ENGINEERING INC	PIPELINE REPLACEMENT VALLEY BLVD	1,982.00
Total 23586:						1,982.00
23587						
10/17	10/23/2017	23587	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,168.75
Total 23587:						2,168.75
23588						
10/17	10/23/2017	23588	1270	CORELOGIC SOLUTIONS LLC	PROPERTY DATA INFO	100.00
Total 23588:						100.00
23589						
10/17	10/23/2017	23589	62594	COSTCO MEMBERSHIP	ANNUAL MEMBERSHIP	120.00
Total 23589:						120.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
23590						
10/17	10/23/2017	23590	62439	CVSTRATEGIES	COMMUNICATION SERVICES	9,046.02
Total 23590:						9,046.02
23591						
10/17	10/23/2017	23591	62505	D & H WATER SYSTEMS	SUPPLIES FOR RES	1,310.52
Total 23591:						1,310.52
23592						
10/17	10/23/2017	23592	2300	FEDERAL EXPRESS	POSTAGE	71.15
Total 23592:						71.15
23593						
10/17	10/23/2017	23593	2550	FRONTIER	PHONE SERVICE	316.08
Total 23593:						316.08
23594						
10/17	10/23/2017	23594	62302	GEXPRO	IFIX ANNUAL GLOBALCARE RENEWAL 2017-2018	8,676.23
Total 23594:						8,676.23
23595						
10/17	10/23/2017	23595	24701	GRAINGER	SUPPLIES FOR BUCKBOARD DAY PARADE	462.34
10/17	10/23/2017	23595	24701	GRAINGER	SUPPLIES FOR BUCKBOARD DAY PARADE	620.12
10/17	10/23/2017	23595	24701	GRAINGER	SUPPLIES FOR BUCKBOARD DAY PARADE	2,611.34
Total 23595:						3,693.80
23596						
10/17	10/23/2017	23596	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	281.30
Total 23596:						281.30
23597						
10/17	10/23/2017	23597	379	HIGHROAD INFORMATION TECHNOL	MANAGED SERVICES	4,416.67
10/17	10/23/2017	23597	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	3,157.00
10/17	10/23/2017	23597	379	HIGHROAD INFORMATION TECHNOL	EXPAND DRIVE SPACE ON DATA CENTER SERVE	3,312.50
10/17	10/23/2017	23597	379	HIGHROAD INFORMATION TECHNOL	ADD STORAGE UNIT TO ARCHIVE BACKUPS	4,732.75
Total 23597:						15,618.92
23598						
10/17	10/23/2017	23598	62435	INDUSTRY PUBLIC UTILITY COMMISS	PUMPING POWER-PUMPSTATION 2A	4,359.15
Total 23598:						4,359.15
23599						
10/17	10/23/2017	23599	62226	INLAND DESERT SECURITY &	ANSWERING SERVICE	391.10
Total 23599:						391.10
23600						
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	192.08

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	215.13
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	315.01
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	169.03
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	276.60
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	368.80
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	169.03
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	161.34
10/17	10/23/2017	23600	62624	INTER VALLEY POOL SUPPLY INC	CHEMICALS FOR RCS	176.71
Total 23600:						2,043.73
23601						
10/17	10/23/2017	23601	62020	LA COUNTY DEPT OF PUBLIC WORKS	ANNUAL INDUSTRIAL WASTE INSPECTION FEE	324.00
Total 23601:						324.00
23602						
10/17	10/23/2017	23602	3300	LAGERLOF SENECA ET AL	MAIN BASIN ANALYSIS	150.00
Total 23602:						150.00
23603						
10/17	10/23/2017	23603	62583	LINCOLN FINANCIAL GROUP	LIFE INSURANCE	299.24
10/17	10/23/2017	23603	62583	LINCOLN FINANCIAL GROUP	SHORT/LONG TERM DISABILITY	913.03
10/17	10/23/2017	23603	62583	LINCOLN FINANCIAL GROUP	DIRECTORS LIFE INSURANCE	45.11
Total 23603:						1,257.38
23604						
10/17	10/23/2017	23604	62573	MANAGED MOBILE INC	MAINTENANCE FREIGHTLINER	438.29
Total 23604:						438.29
23605						
10/17	10/23/2017	23605	62078	MCKINNEY CONSTRUCTION CO INC	LABOR AND EQUIPMENT TO INSTALL 1 LONG SID	13,798.00
Total 23605:						13,798.00
23606						
10/17	10/23/2017	23606	257	MCMASTER-CARR SUPPLY CO	SUPPLIES FOR RES	17.17
Total 23606:						17.17
23607						
10/17	10/23/2017	23607	62476	NETWORKFLEET INC	MONTHLY SERVICE	449.10
Total 23607:						449.10
23608						
10/17	10/23/2017	23608	62649	OPARC	PAINTING FIRE HYDRANTS	2,165.05
Total 23608:						2,165.05
23609						
10/17	10/23/2017	23609	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL FEES	2,461.86
10/17	10/23/2017	23609	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR ATTORNEY FEES	427.50
10/17	10/23/2017	23609	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL FEES	787.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/17	10/23/2017	23609	5000	PUENTE BASIN WATER AGENCY	ASSESSMENT FOR PROFESSIONAL SERVICES	420.00
Total 23609:						4,096.86
23610						
10/17	10/23/2017	23610	5100	PUENTE READY MIX INC	WASH CONCRETE SAND	786.93
Total 23610:						786.93
23611						
10/17	10/23/2017	23611	5740	QUINN COMPANY	FABRICATE TRAILER MOUNTING BRACKET (061 6	2,035.60
Total 23611:						2,035.60
23612						
10/17	10/23/2017	23612	385	R AND I HOLDINGS INC	EQUIPMENT REPAIR-BREAKER	275.50
Total 23612:						275.50
23613						
10/17	10/23/2017	23613	62447	REEB GOVERNMENT RELATIONS LLC	LOBBYIST	1,500.00
Total 23613:						1,500.00
23614						
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" CTS SG 110 KEY AMS	642.86
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" X 3/4" CTS SG 110 KEY AMS	447.60
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" CTS SG 110 KEY AMS	246.55
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" FIPXCTS SG 110 ADPT	113.85
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" CTS CPLG SG 110	98.85
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" X 3/4" BRS BELL RED NO LEAD	34.75
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" BRS PLUG CORED NO LEAD IMP	54.75
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" BRS PLUG CORED NO LEAD IMP	45.50
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" BRS CAP NO LEAD IMP	32.50
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" BRS CAP NO LEAD IMP	49.50
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" X 2-1/2" MTR CPLG NO LEAD	75.84
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" X 1/8" LTHR MTR GSKT	150.00
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1-1/2" X 1/8" FF SOLID RBR MTR GSKT FULL FACE	15.75
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" X 100' TYPE K SOFT COOPER	439.00
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" X 3" SB 244.88 FCRC W/ GALV B&N	156.40
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" X 3" SB 244 1.13 FCRC W/ GALV B&N	163.45
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	3/4" X 3" SB 244 1.05 FCRC W/GALV B&N	159.25
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	1" X 3" SB 244 1.32 FCRC W/ GALV B&N	163.90
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	142.57
10/17	10/23/2017	23614	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	1,438.82
Total 23614:						4,671.69
23615						
10/17	10/23/2017	23615	62249	SECURE SITE SOLUTIONS INC	SYSTEM MONITORING, MAINTENANCE-10/1/17-12/	1,842.00
Total 23615:						1,842.00
23616						
10/17	10/23/2017	23616	62534	SHRED IT USA	SHREDDING SERVICE	89.76

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 23616:						89.76
23617						
10/17	10/23/2017	23617	215	SOUTH COAST AQMD	ANNUAL RENEWAL-FACILITY ID 328	490.11
10/17	10/23/2017	23617	215	SOUTH COAST AQMD	EMISSIONS FEES-FACILITY ID 328	127.46
Total 23617:						617.57
23618						
10/17	10/23/2017	23618	3550	SOUTHERN COUNTIES FUELS	GASOLINE & DIESEL	3,507.66
Total 23618:						3,507.66
23619						
10/17	10/23/2017	23619	62353	VERIZON	CONFERENCE CALLS	60.74
Total 23619:						60.74
23620						
10/17	10/23/2017	23620	62432	WASTE MANAGEMENT COMPANY	HAUL DIRT	397.85
Total 23620:						397.85
100517						
10/17	10/05/2017	100517	6300	STATE OF CALIFORNIA-EDD	UNEMPLOYMENT INSURANCE	65.81
Total 100517:						65.81
101617						
10/17	10/16/2017	101617	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	385,127.40
10/17	10/16/2017	101617	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,353.41
10/17	10/16/2017	101617	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	1,723.73
10/17	10/16/2017	101617	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,402.68
10/17	10/16/2017	101617	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	8,209.51
10/17	10/16/2017	101617	62558	PUENTE BASIN WATER AGENCY	ADJUSTMENT FOR CAL DOMESTIC PRODUCTION	48,594.95
Total 101617:						446,411.68
101917						
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	VEHICLE EXPENSE	5,191.15
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	OFFICE SUPPLIES	115.28
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	COI EXPENSE	110.00
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	COMPLIANCE EQUIPMENT	523.36
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	MAINTENANCE & OPERATION	16.36
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	TOOLS & SUPPLIES	192.07
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	CONFERENCE EXPENSE	1,264.28
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	POSTAGE EXPENSE	109.55
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	EQUIPMENT EXPENSE	91.08
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	CONSERVATION EXPENSE	8,302.96
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	SPECTRUM	762.00
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	FREEDOM VOICE	1,550.88
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	DIRECTV	76.66
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	SEMINAR & TRAINING EXPENSE	540.91
10/17	10/19/2017	101917	1070	AMERICAN EXPRESS	MISC EXPENSES	3,254.10

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 101917:						22,100.64
Grand Totals:						1,329,435.56

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11505-0	19,180.00	.00	19,180.00
222100	.00	1,329,435.56-	1,329,435.56-
51110-0	27,787.20	.00	27,787.20
51310-0	917,451.05	.00	917,451.05
51410-1	3,051.36	.00	3,051.36
51410-2	2,445.16	.00	2,445.16
51410-3	1,723.73	.00	1,723.73
51410-5	15,118.30	.00	15,118.30
51510-0	21,707.59	.00	21,707.59
51610-0	619.66	.00	619.66
51910-0	3,249.36	.00	3,249.36
52210-0	8,258.05	.00	8,258.05
52310-0	42,727.91	.00	42,727.91
54209-0	567.40	.00	567.40
54211-0	6,686.84	.00	6,686.84
54212-0	750.00	.00	750.00
54213-0	1,755.27	.00	1,755.27
54215-0	2,458.28	.00	2,458.28
54217-0	3,918.42	.00	3,918.42
54218-0	142.44	.00	142.44
54219-0	420.00	.00	420.00
56210-0	9,878.83	.00	9,878.83
56211-0	3,637.43	.00	3,637.43
56214-0	115.28	.00	115.28
56215-0	145.00	.00	145.00
56216-0	180.70	.00	180.70
56217-0	522.17	.00	522.17
56218-0	1,650.00	.00	1,650.00
56218-1	1,567.50	.00	1,567.50
56218-2	589.78	.00	589.78
56219-0	9,875.22	.00	9,875.22
56220-0	16,380.92	.00	16,380.92
56221-0	10,046.02	.00	10,046.02
56223-0	1,442.07	.00	1,442.07
56226-0	8,676.23	.00	8,676.23
56310-0	59,470.03	.00	59,470.03
56311-0	12,178.91	.00	12,178.91
56312-0	12,992.18	.00	12,992.18
56320-0	749.66	.00	749.66
56411-0	38,237.61	.00	38,237.61
56413-0	3,000.08	.00	3,000.08
56414-0	65.81	.00	65.81
56415-0	508.32	.00	508.32
56416-0	299.24	.00	299.24
56417-0	13,528.60	.00	13,528.60
56418-0	913.03	.00	913.03

GL Account	Debit	Credit	Proof
56419-0	56.40	.00	56.40
56421-0	9,710.56	.00	9,710.56
56510-0	617.57	.00	617.57
56710-0	2,474.53	.00	2,474.53
56812-0	9,769.53	.00	9,769.53
57312-0	1,963.62	.00	1,963.62
57314-0	304.44	.00	304.44
57315-0	2,168.75	.00	2,168.75
57316-0	4,427.50	.00	4,427.50
57319-0	8,302.96	.00	8,302.96
57321-0	2,447.70	.00	2,447.70
57323-0	523.36	.00	523.36
Grand Totals:	<u>1,329,435.56</u>	<u>1,329,435.56-</u>	<u>.00</u>

Report Criteria:

Report type: GL detail

Report Criteria:
 Detail Report

Check Number	Date	Payee					
23576	10/17/2017	MING LI					
		Sequence	Source	Description	GL Account	Amount	Check Amount
		1	394328-34	DEPOSIT REFUND-18715 DEL BONITA	22810-0	228.45	228.45
23577	10/17/2017	ANNA LEE CHOU					
		Sequence	Source	Description	GL Account	Amount	Check Amount
		1	319116-81	DEPOSIT REFUND-1916 SAMARA	22810-0	144.31	144.31
23578	10/17/2017	JIAN CHEN					
		Sequence	Source	Description	GL Account	Amount	Check Amount
		1	409163-83	DEPOSIT REFUND-1620A GREENCASTLE	22810-0	119.29	119.29
23579	10/17/2017	SUPER DRIVE USA GROUP ATTN: A/R					
		Sequence	Source	Description	GL Account	Amount	Check Amount
		1	519371-23	DEPOSIT REFUND-1041 LAWSON ST	22810-0	190.73	190.73
Grand Totals:							682.78

Tab

1.4



Rowland Water District Memorandum

To: Thomas Coleman, General Manager

From: Sean S. Henry, Finance Officer

CC:

Date: November 1, 2017

Subject: Investment Update – October 2017

Economic Review: The next meeting of the Federal Reserve is scheduled for December 12th. The last meeting was held on October 31st. The Fed Funds rate was maintained at target ranges of 1 to 1-1/4 percent. At the meeting, the Federal Reserve stated “the labor market has continued to strengthen and that economic activity has been rising at a solid rate despite hurricane-related disruptions. Although the hurricanes caused a drop in payroll employment in September, the unemployment rate declined further. Household spending has been expanding at a moderate rate, and growth in business fixed investment has picked up in recent quarters. Gasoline prices rose in the aftermath of the hurricanes, boosting overall inflation in September; however, inflation for items other than food and energy remained soft.” The latest reading of the Consumer Price Index (CPI) for Los Angeles, Riverside and Orange Counties was 3.1 for the month of September. The previous reading was 2.8 in the month of August.

LAIF Update: LAIF ended the month of September with a yield of 1.11%. This represents a .03 basis point increase from the month of August. A comparison with last year shows a .48 basis point increase from September 2017 when the yield stood at 0.63%.

RWD Investments: Rowland Water District’s bond portfolio carries an average yield of 1.28%. This is a .01 basis point increase from the month of August and a 0.17 basis point premium to LAIF. The District CD Placement program carries an effective yield of 1.32% and an average maturity of 571 days. The District one bond maturity in October. It was a US Treasury Note yielding 0.625%. We will look to reinvest these funds.

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, 2017



CASH	
Citizens Business Bank	2,826,637.51
Comerica Bank MMIA	<u>11,927.48</u>
TOTAL CASH	2,838,564.99

COMERICA SECURITIES CD PLACEMENT	NA	1mth - 2 Years	NA	NA	NA	1.32%	571	1,221,000.00	7.63%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	NA	NA	1.11%	NA	1,940,860.06	12.12%

BNY MELLON INVESTMENTS
(UNION BANK CUSTODIAN)

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Effective Yield	Next Call	Current Value	% of Portfolio
Fed Natl Mtg Assn	5 Year	250,000.00	100.019	99.972	12/20/17	0.88%	NA	249,930.00	1.56%
Fed Home Loan Mtg Corp	5 Year	200,000.00	99.289	99.920	01/12/18	0.75%	NA	199,840.00	1.25%
US Treasury Note	5 Year	200,000.00	99.742	99.845	02/28/18	0.75%	NA	199,690.00	1.25%
Fed Natl Mtg Assn	5 Year	500,000.00	100.300	99.751	05/21/18	0.88%	NA	498,755.00	3.12%
US Treasury Note	5 Year	250,000.00	99.727	99.891	09/30/18	1.38%	NA	249,727.50	1.56%
US Treasury Note	5 Year	250,000.00	99.868	99.856	11/30/18	1.38%	NA	249,640.00	1.56%
US Treasury Note	5 Year	250,000.00	99.137	99.984	12/31/18	1.50%	NA	249,960.00	1.56%
US Treasury Note	5 Year	250,000.00	100.172	99.969	01/31/19	1.50%	NA	249,922.50	1.56%
US Treasury Note	5 Year	250,000.00	99.140	99.973	02/28/19	1.50%	NA	249,932.50	1.56%
US Treasury Note	5 Year	250,000.00	99.617	100.129	03/31/19	1.63%	NA	250,322.50	1.56%
US Treasury Note	5 Year	100,000.00	98.532	99.313	10/31/19	1.27%	NA	99,313.00	0.62%
US Treasury Note	5 Year	250,000.00	99.359	99.418	01/31/20	1.38%	NA	248,545.00	1.55%
US Treasury Note	5 Year	250,000.00	99.047	98.731	03/31/20	1.14%	NA	246,827.50	1.54%
US Treasury Note	5 Year	250,000.00	99.016	99.254	04/30/20	1.38%	NA	248,135.00	1.55%
US Treasury Note	5 Year	250,000.00	99.633	97.805	02/28/21	1.13%	NA	244,512.50	1.53%
US Treasury Note	5 Year	250,000.00	100.184	97.352	07/31/21	1.13%	NA	243,380.00	1.52%
US Treasury Note	5 Year	250,000.00	99.059	97.234	08/31/21	1.13%	NA	243,085.00	1.52%
Cash Reserve Account						0.69%		522,649.49	3.26%
Total BNY Mellon Investments								4,744,167.49	29.63%

WELLS FARGO ADVISORS
(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	495,000.00	100.650	99.972	12/20/17	0.88%	NA	494,861.40	3.09%
Fedl Home Loan Mtg Corp	5 Year	495,000.00	100.066	99.920	01/12/18	0.75%	NA	494,604.00	3.09%
Fedl Natl Mtg Assn	5 Year	495,000.00	100.448	99.914	02/08/18	0.88%	NA	494,574.30	3.09%
Fedl Home Loan Mtg Corp	5 Year	495,000.00	100.392	99.880	03/07/18	0.88%	NA	494,406.00	3.09%
Fedl Natl Mtg Assn	5 Year	500,000.00	100.530	99.751	05/21/18	0.88%	NA	498,755.00	3.12%
Fedl Natl Mtg Assn	4 Year	250,000.00	98.671	99.813	09/27/18	1.27%	NA	249,532.50	1.56%
Fedl Natl Mtg Assn	5 Year	245,000.00	100.061	100.104	11/27/18	1.63%	NA	245,254.80	1.53%
Fedl Home Loan Mtg Corp	5 Year	275,000.00	99.581	99.350	08/01/19	1.25%	NA	273,212.50	1.71%
Fedl Home Loan Mtg Corp	5 Year	275,000.00	99.344	99.265	10/02/19	1.25%	NA	272,978.75	1.70%
Fedl Farm Credit Bank	5 Year	240,000.00	98.229	99.158	10/22/19	1.29%	NA	237,979.20	1.49%
Fedl Natl Mtg Assn	4 Year	250,000.00	100.141	98.009	10/07/21	1.38%	NA	245,022.50	1.53%
Fedl Home Loan Bank	4 Year	250,000.00	100.987	99.756	11/29/21	1.88%	NA	249,390.00	1.56%
Fedl Natl Mtg Assn	5 Year	300,000.00	101.614	100.016	01/05/22	2.00%	NA	300,048.00	1.87%
Fedl Home Loan Bank	5 Year	125,000.00	101.153	99.347	04/05/22	1.88%	NA	372,551.25	2.33%
Fedl Home Loan Bank	5 Year	200,000.00	99.334	97.195	04/13/22	1.52%	NA	194,390.00	1.21%
Fedl Home Loan Bank	5 Year	125,000.00	101.067	98.903	12/09/22	1.89%	NA	123,628.75	0.77%
Cash Reserve Account						0.69%		25,109.90	0.16%
Total Wells Fargo Investments								5,266,298.85	32.89%

TOTAL INVESTMENTS

TOTAL CASH AND INVESTMENTS

Weighted Average Yield of Total Investment Portfolio:	0.96%
--	--------------

13,172,326.40 100%
16,010,891.39

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.

Sean S. Henry
Sean S. Henry, Finance Officer



COMPARATIVE PURCHASED WATER REPORT FOR THE MONTH OF SEPTEMBER 2017

SOURCE / DESCRIPTION	2017			2016		
	ACRE-FEET	COST	COST/A.F.	ACRE-FEET	COST	COST/A.F.
WATER CHARGES:						
POTABLE WATER						
PUENTE BASIN WATER AGENCY / TVMWD	334.5	368,772.81	1,102.46	334.4	306,979.20	918.00
POMONA-WALNUT-ROWLAND JWLC	521.1	514,325.70	987.00	593.6	544,924.80	918.00
CAL. DOMESTIC WATER COMPANY (CDWC)	78.3	27,787.20	354.88	0.0	-	-
LA HABRA HEIGHTS	0.0	-	-	0.0	-	-
WATER REPLENISHMENT DISTRICT (WRD)	0.0	-	-	0.0	-	-
	933.9	910,885.71		928.0	851,904.0	
RECLAIMED WATER	81.3	21,707.59	267.01	77.2	18,223.90	236.06
TOTAL WATER CHARGES	1,015.2	932,593.30		1,005.2	870,127.90	
FIXED CHARGES:						
PUENTE BASIN WATER AGENCY / TVMWD						
CAPACITY RESERVATION		8,209.51			11,203.21	
CONNECTED CAPACITY		1,353.41			1,425.23	
WATER USE CHARGE		1,402.68			1,457.58	
EQUIV. SMALL METER		1,723.73			1,828.86	
SUBTOTAL		12,689.33			15,914.88	
PWR JWLC						
CAPACITY RESERVATION		7,487.10			10,906.08	
CONNECTED CAPACITY		1,091.75			1,149.69	
WATER USE CHARGE		1,782.72			1,910.45	
DEPRECIATION		1,389.00			1,389.00	
REPLACEMENT		1,910.00			1,910.00	
BUDGET ASSESSMENT		46,724.08			9,224.08	
SUBTOTAL		60,384.65			26,489.30	
CDWC / LHH / ODWD						
FIXED CHARGES		619.66			-	
SUBTOTAL						
TOTAL FIXED CHARGES		73,693.64			42,404.18	
TOTAL PURCHASED WATER CHARGES		1,006,286.94			912,532.08	
AVERAGE WATER CHARGE:		\$ 991.22			\$ 907.81	

Tab

1.5

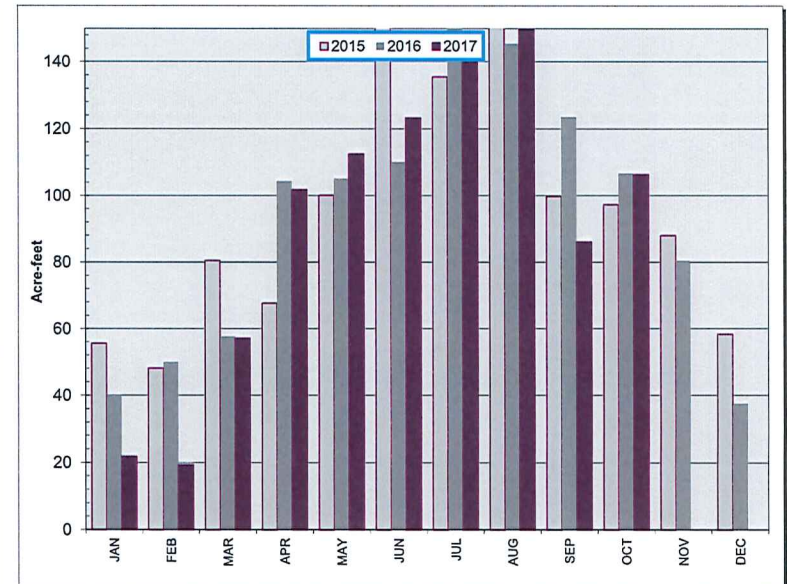
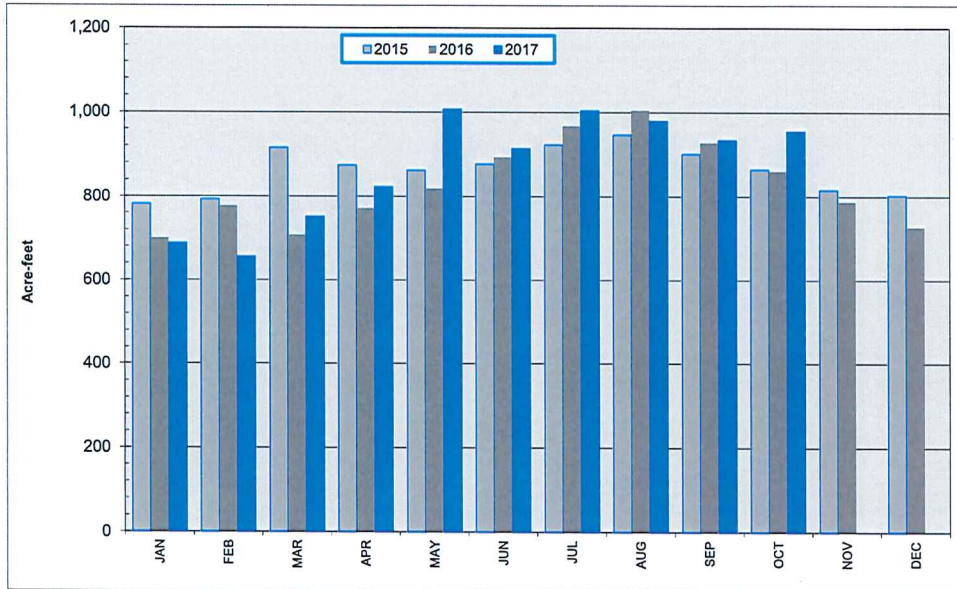


Water Purchases for CY 2017 (Acre-feet)



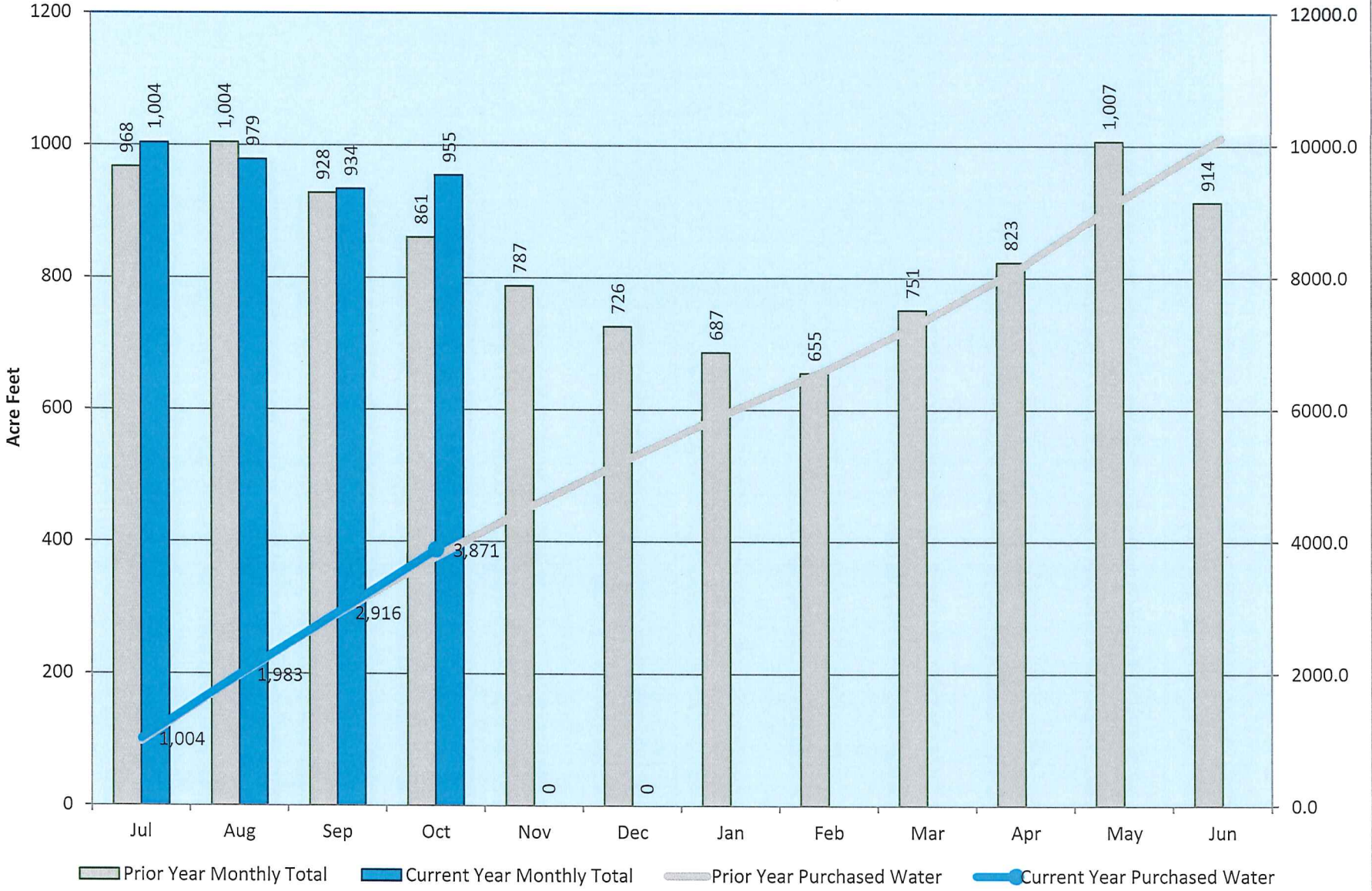
	POTABLE SYSTEM					TOTAL
	WBS	LHH	PM-22	JWL		
				PM-15	Miramar	
JAN	2.3	0.0	282.9	275.6	126.0	686.8
FEB		0.0	473.0	168.7	13.7	655.4
MAR	15.9	0.0	381.6	203.2	150.0	750.7
APR	200.2	0.0	139.2	350.3	133.5	823.2
MAY	190.0	0.0	367.8	342.1	106.7	1,006.6
JUN	201.1	0.0	290.9	325.6	96.3	913.9
JUL	131.1	0.0	357.3	433.6	81.7	1,003.7
AUG	98.5	0.0	390.2	490.1	0.0	978.8
SEP	78.3	0.0	334.5	521.1	0.0	933.9
OCT	146.5	0.0	335.8	472.5	0.0	954.8
NOV						0.0
DEC						0.0
TOTAL	1,063.9	0.0	3,353.2	3,582.8	707.9	8,707.8

RECYCLED SYSTEM						TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up		
0.0	7.6	0.0	11.9	2.3	21.8	
0.0	6.3	0.0	8.4	4.7	19.4	
0.0	20.3	1.0	35.9	0.0	57.2	
0.0	10.3	1.0	90.6	0.0	101.9	
0.0	25.3	2.0	85.3	0.0	112.6	
0.0	9.5	3.0	110.7	0.0	123.2	
0.1	3.1	2.0	141.0	0.0	146.2	
0.0	0.0	3.0	152.3	0.0	155.3	
0.0	5.8	2.0	78.3	0.0	86.1	
2.2	1.8	2.0	100.4	0.0	106.4	
					0.0	
					0.0	
2.3	90.0	16.0	814.8	7.0	930.1	



Potable Water Purchases For FY 2017-2018

(Acre-feet)



Tab

2.1



NOVEMBER 2017-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					
	11/1/2017	Three Valleys Board Meeting	\$110.00		Mileage
	11/7/2017	Project Ad-Hoc meeting	\$110.00		
	11/9/2017	PBWA at RWD	\$110.00		
	11/14/2017	RWD Board Meeting	\$110.00		
	11/15/2017	Three Valleys Board Meeting	\$110.00		Mileage
	11/28/2017	RWD Special Board Meeting	\$110.00		
	11/29/2017	ACWA Conference	\$110.00		Mileage
		TOTAL PAYMENT	\$770.00		
John Bellah					
	11/13/2017	SGV Chamber Gov Affairs	\$110.00		
	11/14/2017	RWD Board Meeting	\$110.00		
	11/28/2017	RWD Special Board Meeting	\$110.00		
	11/29/17-11/30/17	ACWA Conference	\$220.00		
		TOTAL PAYMENT	\$550.00		
Robert W. Lewis					
	11/9/2017	PBWA Meeting at RWD	\$110.00		
	11/13/2017	SGV Chamber Gov Affairs	\$110.00		
	11/14/2017	RWD Board Meeting	\$110.00		
	11/21/2017	Meeting with RWD General Manager		X	
	11/27/2017	ACWA Conference	\$110.00		Mileage & Parking
	11/28/2017	RWD Special Board Meeting	\$110.00		
	11/28/2017	ACWA Conference		X	Mileage & Parking
	11/29/17-11/30/17	ACWA Conference	\$220.00		Mileage & Parking
		TOTAL PAYMENT	\$770.00		
Szu-Pei Lu					
	11/7/2017	Project Ad-Hoc Meeting	\$110.00		
	11/13/2017	RHCC Meeting	\$110.00		
	11/14/2017	RWD Board Meeting	\$110.00		
	11/15/2017	Three Valleys Board Meeting	\$110.00		Mileage
	11/28/2017	RWD Special Board Meeting	\$110.00		
		TOTAL PAYMENT	\$550.00		
Teresa Rios					
	11/14/2017	RWD Board Meeting	\$110.00		
	11/29/17-11/30/17	ACWA Conference	\$220.00		Mileage & Parking
		TOTAL PAYMENT	\$330.00		

APPROVED FOR PAYMENT:



Tom Coleman

Tab

2.2

ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE YEAR ENDED JUNE 30, 2017

DRAFT

ROWLAND WATER DISTRICT

TABLE OF CONTENTS

For the Year Ended June 30, 2017

	<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 - 64
REQUIRED SUPPLEMENTARY INFORMATION:	65
Schedule of Proportionate Share of the Net Pension Liability	66
Schedule of Contributions - Defined Benefit Pension Plan	67
Other Post-Employment Benefit Plan - Schedule of Funding Progress	68
Other Post-Employment Benefit Plan - Schedule of Annual Money-Weighted Rate of Return on Investments	69
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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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, 2017, and the changes in its 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 schedules of funding progress and annual money-weighted rate of return on investments, 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 DATE, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Irvine, California
DATE

DRAFT

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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, 2017. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2017

- The District's total net position increased by \$678,011 or 1.12%.
- During the year, the District's total revenues increased to \$22,055,124 or 5.32%, and total expenses increased to \$21,337,113 or 7.50%.

Fiscal Year 2016

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

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, 2017

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 2017	Fiscal Year 2016	Dollar Change
Assets:			
Current, restricted and noncurrent	\$ 44,250,892	\$ 44,801,972	\$ (551,080)
Capital assets	59,100,917	58,752,386	348,531
Total Assets	<u>103,351,809</u>	<u>103,554,358</u>	<u>(202,549)</u>
Deferred outflows of resources	<u>4,513,864</u>	<u>4,186,693</u>	<u>327,171</u>
Liabilities:			
Current liabilities	3,559,379	3,641,204	(81,825)
Noncurrent liabilities	42,948,961	43,231,814	(282,853)
Total Liabilities	<u>46,508,340</u>	<u>46,873,018</u>	<u>(364,678)</u>
Deferred inflows of resources	<u>164,040</u>	<u>352,751</u>	<u>(188,711)</u>
Net Position:			
Net investment in capital assets	37,741,060	37,325,615	415,445
Unrestricted	23,452,233	23,189,667	262,566
Total Net Position	<u>\$ 61,193,293</u>	<u>\$ 60,515,282</u>	<u>\$ 678,011</u>

As can be seen from Table 1, total assets and deferred outflows of resources increased \$124,622 from fiscal year 2016 to 2017. Total Net Position saw an increase of \$678,011 or 1.12% from the previous fiscal year.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2017

NET POSITION (CONTINUED)

A further review shows total liabilities and deferred inflows of resources decreased by \$553,389 or 1.17% from fiscal year 2016 to 2017. There were two main reasons for this decrease. The first being a reduction in the principal of the two District bonds that are outstanding. The liability for these two bonds was reduced by \$1,054,253 in fiscal year 2017. The second is the District's net OPEB obligation was zero for fiscal year 2017. It was \$120,446 in fiscal year 2016. The District has continued to fund its OPEB trust therefore eliminating the liability for this fiscal year. The decreases in these two amounts help to offset the increase in net pension liability.

Large projects completed during fiscal year 2017 included:

Valve Replacement (Altario Street & Colima Road): Rowland Water District determined through valve exercising that many of the District's mainline valves were nonoperational or did not properly shutdown. After research, we determined that our main focus would be two 16" valves on Colima Road and three valves on Altario Street in La Puente. We awarded Doty Brothers Construction with the project on Colima Road. We had one 16" butterfly valve installed at the intersection of Jellick and Colima and one 16" butterfly valve installed at Desire and Colima. Rowland Water District did all three installations on Altario Street. We installed three 6" gate valves at the intersection of Altario and La Seda. These type of upgrades are necessary to ensure the District's infrastructure remains strong and will remain a focus in the future.

Route 33 Advanced Metering Infrastructure (AMI) Conversion: Rowland Water District determined through failing modules on the current Automated Meter Reading (AMR) system and numerous rereads that Route 33 was in need of a new reading system. Some of the affected areas of Route 33 included streets such as Calle Barcelona, Calle Los Arboles, Crosshaven, and Samara. Through heavy study and thorough evaluation of many different AMI products, Rowland Water District chose the Master Meter AMI system. The District did all AMI conversions and replaced all 233 meter modules in the route. In the future, the Master Meter AMI system will replace the older Badger AMR system.

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

June 30, 2017

NET POSITION (CONTINUED)

TABLE 2

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2017	Fiscal Year 2016	Dollar Change
Revenues:			
Operating revenues	\$ 21,310,310	\$ 19,665,042	\$ 1,645,268
Nonoperating revenues	744,814	1,276,888	(532,074)
Total Revenues	<u>22,055,124</u>	<u>20,941,930</u>	<u>1,113,194</u>
Expenses:			
Operating expenses	19,621,077	18,291,761	1,329,316
Nonoperating expenses	1,756,036	1,593,261	162,775
Total Expenses	<u>21,377,113</u>	<u>19,885,022</u>	<u>1,492,091</u>
Change in Net Position	678,011	1,056,908	(378,897)
Beginning Net Position	<u>60,515,282</u>	<u>59,458,374</u>	<u>1,056,908</u>
Ending Net Position	<u>\$ 61,193,293</u>	<u>\$ 60,515,282</u>	<u>\$ 678,011</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 \$678,011 occurred fiscal year 2017.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2017

NET POSITION (CONTINUED)

A closer examination of the sources of changes in Net Position reveals that the District's total revenues increased by \$1,113,194 or 5.32% in fiscal year 2017. Of the amount, operating revenues increased by \$1,645,268.00 or 8.37% and its nonoperating revenues decreased by \$532,074 or 41.67% in the past fiscal year. The main factor attributing to the increase in operating revenues was an increase in residential and business water sales and an increase in water service charges. The majority of the decrease in nonoperating revenue was the District seeing a significant reduction in its gain from investment in joint ventures. This amount was \$277 in fiscal year 2017 compared to \$407,016 in fiscal year 2016.

The District's total water sales increased from approximately 9,920 acre feet in fiscal year 2015-2016 to 10,111 acre feet in fiscal year 2016-2017. Most of the increase in revenue can be attributed to this along with a slightly different tiered structure that became effective in March 2017. The zone I water rate was decreased \$0.34 from \$2.77 to \$2.43 for potable customers but this rate was effective for 1-8 hcf. That was a reduction from the previous zone 1 water rate of 1-16 hcf. The new tiers consisted of three levels: 1-8 hcf, 9-15 hcf, and 16+ hcf for monthly customers. These replaced the previous three levels of 1-16hcf, 17-23hcf and 24+ hcf. The zone I water rate for 9-15 hcf increased from \$3.19 to \$3.57 and 16+ hcf increased from \$4.02 to \$4.98. The District has six different pumping zones. Zonal surcharges cover the energy costs to pump water to each zone of elevation over Zone I. The additional pumping costs are added to the base rate if the property resides in Zone II through Zone VI. The Zonal surcharges vary from \$0.15 in Zone II up to \$1.51 for Zone VI. A District rate study showed these new tiers to be more in line with potable water consumption patterns and energy usage. The District continues to promote the use of recycled water so there is no tiered rate structure for excess usage. The recycled water rate remains at \$1.71 per hcf. The monthly service charge for standard 5/8" to 3/4" meters increased \$2.01 or 8.00%

Nonoperating revenues decreased in fiscal year 2017. The District saw interest and dividend income of \$234,649, property tax revenues of \$336,506 and rental/contract income of \$145,985. The District had non-restricted cash, cash equivalents, and investments totaling \$12,936,659 ending fiscal year 2017, a decrease of \$4,095,678 from fiscal year 2016. The main cause of the decrease is the District purchased 6,000 acre feet of water for storage in fiscal year 2017. The cost of the purchase was \$3,575,209 or \$596.00 per acre foot. The funds for the purchase came from cash and investments.

While total revenues increased by \$1,113,194 or 5.32%, total expenses increased by \$1,492,091 or 7.50%. This resulted in a change in net position of (\$378,897) in fiscal year 2017. While the District saw operating expenses increased \$1,329,316 from fiscal year 2016, Source of Supply cost increased \$452,000 and general and administrative expenses \$499,000 which consisted of professional services and pension plan contributions.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2017

NET POSITION (CONTINUED)

The average cost of an acre foot of water increased to \$987.00 in 2017 to \$918.00 in 2016. Fixed charges decreased \$40,201 or 11.37% from fiscal year 2016 to 2017. General and administrative expenses saw an increase of 12.29%. Depreciation for fiscal year 2017 was \$2,452,920. The District continues to fund depreciation of its assets through its capital improvement plan.

BUDGETARY HIGHLIGHTS

**TABLE 3
Budget vs. Actual**

	Fiscal Year 2017		
	Actual	Budget	Variance
Revenues:			
Operating revenues	\$ 21,310,310	\$ 20,250,000	\$ 1,060,310
Nonoperating revenues	744,814	575,000	169,814
Total Revenues	22,055,124	20,825,000	1,230,124
Expenses:			
Operating Expenses:			
Source of supply	10,068,917	9,030,000	(1,038,917)
Pumping and power	913,109	1,135,000	221,891
Transmission and distribution	1,216,901	1,180,000	(36,901)
Customer services	96,154	155,000	58,846
Depreciation expenses	2,452,920	2,500,000	47,080
Other operating expenses	311,077	320,000	8,923
General and administrative expenses	4,561,999	4,600,000	38,001
Total Operating Expenses	19,621,077	18,920,000	(701,077)
Nonoperating expenses	1,756,036	1,800,000	43,964
Total Expenses	21,377,113	20,720,000	(657,113)
Change in Net Position	\$ 678,011	\$ 105,000	\$ 573,011

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 \$573,011. Total Revenues shows a positive variance of \$1,230,124. Total operating expenses saw a negative variance of \$701,077 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 \$43,964.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2017, the District had invested \$59,100,917 in a broad range of Infrastructure as shown in Table 4.

**TABLE 4
Capital Assets**

	Fiscal Year 2017	Fiscal Year 2016	Dollar Change
Capital assets, not being depreciated:			
Land	\$ 261,340	\$ 261,340	\$ -
Water rights	5,000	5,000	-
Construction in progress	<u>2,107,736</u>	<u>1,131,918</u>	<u>975,818</u>
Total capital assets, not being depreciated	<u>2,374,076</u>	<u>1,398,258</u>	<u>975,818</u>
Capital assets, being depreciated:			
Intangible plant	1,022,551	1,022,551	-
Sources of supply plant	2,109,253	2,076,956	32,297
Pumping plant	10,037,819	10,037,819	-
Transmission and distribution plant	66,656,601	65,121,932	1,534,669
Telemetry equipment	1,540,617	1,489,671	50,946
General plant	584,639	570,451	14,188
Office building and equipment	6,459,188	6,501,662	(42,474)
Transportation equipment	951,628	964,037	(12,409)
Communication equipment	<u>27,979</u>	<u>133,902</u>	<u>(105,923)</u>
Total capital assets, being depreciated	89,390,275	87,918,981	1,471,294
Less accumulated depreciation	<u>(32,663,434)</u>	<u>(30,564,853)</u>	<u>(2,098,581)</u>
Total capital assets, being depreciated, net	<u>56,726,841</u>	<u>57,354,128</u>	<u>(627,287)</u>
Total capital assets, net	<u>\$ 59,100,917</u>	<u>\$ 58,752,386</u>	<u>\$ 348,531</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, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At the end of fiscal year 2017, the District had noncurrent liabilities totaling \$42,948,961 as shown in Table 5.

**TABLE 5
Noncurrent Liabilities**

	Fiscal Year 2017	Fiscal Year 2016	Dollar Change
Refunding Bond Series 2014A	\$ 19,535,112	\$ 20,112,026	\$ (576,914)
Installment purchase contract payable, net	19,178,876	19,656,215	(477,339)
Compensated absences	300,455	294,658	5,797
Net pension liability	3,934,518	3,048,469	886,049
Net OPEB obligation	-	120,446	(120,446)
	<u>\$ 42,948,961</u>	<u>\$ 43,231,814</u>	<u>\$ (282,853)</u>

The District currently has four sources of Noncurrent Liabilities in 2017. The Refunding Bond series 2014A is a refunding of the Certificate of Participation (COP) issued January 2009 that was 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 amount by which the total pension liability exceeds the pension plan's net asset available for paying benefits. This amount increased in fiscal year 2017 to \$3,934,518, an increase of \$886,049 for fiscal year 2016. The District's pension plan is administered by CalPERS. The net OPEB obligation refers to Other Post-Employment Benefits that would be owed to employees upon retirement after meeting certain criteria. This is the difference between the actuarially determined annual required contribution and actual contribution made. There is no net OPEB obligation for fiscal year 2017. The current amount in the District OPEB Trust is sufficient to cover the annual required contribution.

Additional information on the District's noncurrent liabilities can be found in Notes 6 - 8 and 10 - 11 of the notes to basic financial statements.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2017

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 2018 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 2018 Budget vs. Fiscal Year 2017 Actual

	Fiscal Year 2017 Actual	Fiscal Year 2018 Budget	Variance
Revenues:			
Operating revenues	\$ 21,310,310	\$ 21,270,000	\$ (40,310)
Nonoperating revenues	744,814	575,000	(169,814)
Total Revenues	<u>22,055,124</u>	<u>21,845,000</u>	<u>(210,124)</u>
Expenses:			
Operating Expenses:			
Source of supply	10,068,917	10,195,000	(126,083)
Pumping and power	913,109	1,200,000	(286,891)
Transmission and distribution	1,216,901	1,275,000	(58,099)
Customer services	96,154	165,000	(68,846)
Depreciation expenses	2,452,920	2,500,000	(47,080)
Other operating expenses	311,077	445,000	(133,923)
General and administrative expenses	4,561,999	4,790,000	(228,001)
Total Operating Expenses	<u>19,621,077</u>	<u>20,570,000</u>	<u>(948,923)</u>
Nonoperating expenses	<u>1,756,036</u>	<u>1,500,000</u>	<u>256,036</u>
Total Expenses	<u>21,377,113</u>	<u>22,070,000</u>	<u>(692,887)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 678,011</u>	<u>\$ (225,000)</u>	<u>\$ (903,011)</u>

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2017

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.

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT

ROWLAND WATER DISTRICT
STATEMENT OF NET POSITION

June 30, 2017

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$	2,002,215
Investments		10,934,444
Accounts receivable, net of allowance for doubtful accounts of \$30,000		3,214,388
Interest receivable		31,519
Supply inventories		111,782
Water in storage		3,675,401
Prepaid items		46,192
		20,015,941
TOTAL CURRENT ASSETS		20,015,941

RESTRICTED ASSETS:

Cash and cash equivalents		604,749
Investments		8,312,369
		8,917,118
TOTAL RESTRICTED ASSETS		8,917,118

CAPITAL ASSETS:

Capital assets, not being depreciated		2,374,076
Capital assets, being depreciated, net		56,726,841
		59,100,917
TOTAL CAPITAL ASSETS, NET		59,100,917

OTHER NONCURRENT ASSETS:

Net OPEB asset		44,443
Investment in joint ventures		15,273,390
		15,317,833
TOTAL OTHER NONCURRENT ASSETS		15,317,833

TOTAL ASSETS

103,351,809

DEFERRED OUTFLOWS OF RESOURCES:

Deferred amounts from pension plans		1,166,241
Deferred amounts on refunding		3,347,623
		4,513,864

TOTAL DEFERRED OUTFLOWS OF RESOURCES

4,513,864

(Continued)

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT
STATEMENT OF NET POSITION
(CONTINUED)

June 30, 2017

LIABILITIES:

CURRENT LIABILITIES (PAYABLE FROM
UNRESTRICTED ASSETS):

Accounts payable	\$ 1,861,967
Interest payable	131,304
Other payables	71,560
Current portion of installment purchase contract payable	425,000
Current portion of 2014A refunding bonds payable	510,000
	<u>2,999,831</u>

CURRENT LIABILITIES (PAYABLE FROM
RESTRICTED ASSETS):

Refundable customer deposits	186,929
Unearned construction advances	372,619
	<u>559,548</u>

TOTAL CURRENT LIABILITIES

3,559,379

NONCURRENT LIABILITIES:

Compensated absences	300,455
Installment purchase contract payable	19,178,876
2014A refunding bonds payable	19,535,112
Net pension liability	3,934,518
	<u>37,948,961</u>

TOTAL NONCURRENT LIABILITIES

42,948,961

TOTAL LIABILITIES

46,508,340

DEFERRED INFLOWS OF RESOURCES:

Deferred amounts from pension plans	164,040
	<u>164,040</u>

NET POSITION:

Net investment in capital assets	37,741,060
Unrestricted	23,452,233
	<u>61,193,293</u>

TOTAL NET POSITION

\$ 61,193,293

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, 2017

OPERATING REVENUES:

Water sales:	
Residential	\$ 7,295,770
Business	5,608,933
Public entities	246,960
Industrial	11,605
Reclaimed water	576,460
Other	73,162
	<hr/>
Total water sales	13,812,890
	<hr/>
Water services:	
Water service charges	6,682,417
Nonrefundable new service fees	44,816
New service connection fees	394,161
Reconnection fees	21,570
Customer penalties	193,569
Other	160,887
	<hr/>
Total water services	7,497,420
	<hr/>
TOTAL OPERATING REVENUES	21,310,310
	<hr/>

OPERATING EXPENSES:

Source of supply	10,068,917
Pumping and power	913,109
Transmission and distribution	1,216,901
Customer services	96,154
Depreciation expense	2,452,920
Other operating expenses	311,077
General and administrative expenses	4,561,999
	<hr/>
TOTAL OPERATING EXPENSES	19,621,077
	<hr/>
OPERATING INCOME	1,689,233
	<hr/>

(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	\$ 234,649
Realized and unrealized gains (losses) on investments, net	(189,175)
Property tax revenues	336,506
Miscellaneous income	27,397
Rental and contract income	145,985
Interest expense	(1,538,269)
Amortization of debt premium/(discount)	(28,592)
Gain from investment in joint ventures	<u>277</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,011,222)</u>
CHANGE IN NET POSITION	678,011
NET POSITION - BEGINNING OF YEAR	<u>60,515,282</u>
NET POSITION - END OF YEAR	<u><u>\$ 61,193,293</u></u>

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 20,714,925
Cash payments to suppliers for goods and services	(18,449,134)
Cash payments to employees for services	(2,371,133)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(105,342)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from property taxes	336,506
Other receipts	27,397
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>363,903</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(2,801,450)
Receipt of deferred construction advances	457,189
Acquisition of assets through deferred construction advances	(474,877)
Principal payments on debt	(905,000)
Interest paid	(1,538,269)
Rental income	145,985
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,116,422)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Contributions to joint ventures	(290,612)
Purchases of investments	(7,277,840)
Proceeds from sale of investments	11,831,303
Investment income	240,806
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,503,657</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(354,204)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,961,168</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,606,964</u></u>

See accompanying notes to basic financial statements.

(Continued)

ROWLAND WATER DISTRICT
 STATEMENTS OF CASH FLOWS
 (CONTINUED)

For the year ended June 30, 2017

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

Operating income	\$ 1,689,233
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,452,920
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(599,737)
(Increase) decrease in supply inventories	4,034
(Increase) decrease in water in storage	(3,613,811)
(Increase) decrease in prepaid items	(7,074)
(Increase) decrease in net OPEB asset	(44,443)
(Increase) decrease in deferred outflows of resources from pension plans	(475,016)
Increase (decrease) in accounts payables	71,560
Increase (decrease) in accounts payables	-
Increase (decrease) in refundable customer deposits	4,352
Increase (decrease) in compensated absences	5,797
Increase (decrease) in accrued net OPEB obligation	(120,446)
Increase (decrease) in net pension liability	886,049
Increase (decrease) in deferred inflows of resources from pension plans	(188,711)

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 64,707</u></u>
--	-------------------------

NONCASH CAPITAL AND RELATED
 FINANCING ACTIVITIES:

Amortization of debt premiums discounts and deferred amount on refunding	<u><u>\$ 28,592</u></u>
--	-------------------------

NONCASH INVESTING ACTIVITIES:

Gain from investment in joint ventures	<u><u>\$ 277</u></u>
--	----------------------

See accompanying notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT

FIDUCIARY FUND FINANCIAL STATEMENTS

DRAFT

ROWLAND WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	Other Post-Employment Benefit (OPEB) Trust Fund
ASSETS:	
Investments	\$ 2,992,290
TOTAL ASSETS	2,992,290
NET POSITION:	
Held in trust for OPEB benefits	2,992,290
TOTAL NET POSITION	\$ 2,992,290

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2017

	Other Post-Employment Benefit (OPEB) Trust Fund
ADDITIONS:	
Employer contributions	\$ 420,000
Investment income	268,191
TOTAL ADDITIONS	<u>688,191</u>
DEDUCTIONS:	
Administrative expense	<u>7,480</u>
TOTAL DEDUCTIONS	<u>7,480</u>
CHANGE IN NET POSITION	680,711
NET POSITION - BEGINNING OF YEAR	<u>2,311,579</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,992,290</u></u>

See accompanying notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT

NOTES TO BASIC FINANCIAL STATEMENTS

DRAFT

ROWLAND WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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:

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, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016, and did not impact the District.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for periods beginning after June 15, 2016, and did not impact the District.

GASB 77 - Tax Abatement Disclosure, effective for periods beginning after December 15, 2015, and did not impact the District.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, effective for periods beginning after December 15, 2015, and did not impact the District.

GASB 79 - Certain External Investment Pools and Pool Participants, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the District.

GASB 80 - Blending Requirements for Certain Component Units, effective for periods beginning after June 15, 2016, and did not impact the District.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

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

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- 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 are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 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 outflow 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.
- Deferred outflow 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.
- Deferred outflow 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 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.

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 inflow 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.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

- Deferred inflow 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.
- Deferred inflow 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.

f. Net Position:

Net position of the District can be classified into three components - net investment in capital assets, restricted net position, and unrestricted net position. 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.
- 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 use unrestricted resources as they are needed.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 statement 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.

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.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 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 \$1,538,269 for the year ended June 30, 2017. No interest has been capitalized as additions to the cost of construction for the year ended June 30, 2017.

p. Restricted Liabilities:

Certain liabilities that 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, 2017

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 1% of county-wide assessed valuations. This 1% 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 are 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, 2017, in the opinion of the District's legal counsel, the District had no material claims that 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 has been determined on the same basis as it is 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, 2017

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2017, are reported in the accompanying statement of net position as follows:

	Government Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Financial Statement Classification:			
Unrestricted:			
Cash and cash equivalents	\$ 2,002,215	\$ -	\$ 2,002,215
Investments	10,934,444	2,992,290	13,926,734
Restricted:			
Cash and cash equivalents	604,749	-	604,749
Investments	<u>8,312,369</u>	<u>-</u>	<u>8,312,369</u>
Total Cash and Investments	<u>\$ 21,853,777</u>	<u>\$ 2,992,290</u>	<u>\$ 24,846,067</u>

Cash and investments as of June 30, 2017, consist of the following:

	District Funds	OPEB Trust	Total
Cash on hand	\$ 400	\$ -	\$ 400
Demand deposits	793,551	-	793,551
Investments	<u>21,059,826</u>	<u>2,992,290</u>	<u>24,052,116</u>
Total Cash and Investments	<u>\$ 21,853,777</u>	<u>\$ 2,992,290</u>	<u>\$ 24,846,067</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, 2017

2. CASH AND INVESTMENTS (CONTINUED):

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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
Banker's 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, 2017

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

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.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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, 2017.

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	\$ 449,112	\$ 1,502,870	\$ 845,196	\$ 732,043	\$ 3,529,221
U.S. Government Sponsored Agency Securities:					
FFCB	-	-	238,613	-	238,613
FHLMC	1,187,106	547,390	-	-	1,734,496
FNMA	2,969,366	495,528	-	425,607	3,890,501
FHLB	-	-	-	318,814	318,814
Negotiable CD	247,939	484,079	-	-	732,018
Non-Negotiable CD	483,000	-	-	-	483,000
LAIF	1,438,816	-	-	-	1,438,816
Money Market Mutual Funds	337,007	-	-	-	337,007
Held by Trustee:					
U.S. Treasury Notes	998,890	-	-	-	998,890
U.S. Government Sponsored Agency Securities:					
FHLMC	3,461,499	-	-	-	3,461,499
FNMA	996,580	-	-	-	996,580
LAIF	44,971	-	-	-	44,971
Money Market Mutual Funds	2,855,400	-	-	-	2,855,400
OPEB Trust Investments:					
PARS Trust Pool	2,992,290	-	-	-	2,992,290
	<u>\$ 18,461,976</u>	<u>\$ 3,029,867</u>	<u>\$ 1,083,809</u>	<u>\$ 1,476,464</u>	<u>\$ 24,052,116</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 Standard & Poor's credit ratings for the District's investments as of June 30, 2017. 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, 2017	AAA	AA+	Not rated
District Investments:					
U.S. Government					
Sponsored Agency Securities:					
FFCB	N/A	\$ 238,613	\$ -	\$ 238,613	\$ -
FHLMC	N/A	1,734,496	-	1,734,496	-
FNMA	N/A	3,890,501	-	3,890,501	-
FHLB	N/A	318,814	-	318,814	-
Negotiable CD	N/A	732,018	732,018	-	-
Non-negotiable CD	N/A	483,000	-	-	483,000
LAIF	N/A	1,438,816	-	-	1,438,816
Money Market Mutual Funds	A	337,007	337,007	-	-
Held by Trustee:					
U.S. Government					
Sponsored Agency Securities:					
FHLMC	N/A	3,461,499	-	3,461,499	-
FNMA	N/A	996,580	-	996,580	-
LAIF	N/A	44,971	-	-	44,971
Money Market Mutual Funds	A	2,885,400	2,885,400	-	-
OPEB Trust Investments:					
PARS Trust Pool	N/A	2,992,290	-	-	2,992,290
		<u>\$ 19,524,005</u>	<u>\$ 3,954,425</u>	<u>\$ 10,640,503</u>	<u>\$ 4,959,077</u>

Concentration of Credit Risk:

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

Issuer	Investment Type	
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	\$5,195,995
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$4,887,081

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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, 2017, 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, 2017

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 Banker's Acceptance
Mortgage-Backed Bonds	
Corporate Bonds and Notes	
Unit Trusts	

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 capitalization 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 accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The District has the following recurring fair value measurements as of June 30, 2017:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Notes	\$ -	\$ 3,529,221	\$ -	\$ 3,529,221
U.S. Government Sponsored Agency Securities:				
FFCB	-	238,613	-	238,613
FHLMC	-	1,734,496	-	1,734,496
FNMA	-	3,890,501	-	3,890,501
FHLB	-	318,814	-	318,814
Negotiable CD	-	732,018	-	732,018
Held by Trustee:				
U.S. Treasury Notes	-	998,890	-	998,890
U.S. Government Sponsored Agency Securities:				
FHLMC	-	3,461,499	-	3,461,499
FNMA	-	996,580	-	996,580
Total Investments	<u>\$ -</u>	<u>\$ 15,900,632</u>	<u>\$ -</u>	15,900,632
Investments not subject to hierarchy:				
Non-Negotiable CD				483,000
LAIF				1,438,816
Money Market Mutual Funds				337,007
Held By Trustee:				
LAIF				44,971
Money Market Mutual Funds				2,855,400
OPEB Trust:				
PARS Trust Pool				<u>2,992,290</u>
Total Investments				<u>\$ 24,052,116</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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, 2017</u>
Deposits from customers	Security deposits for payment of utility bills	\$ 186,929
Customer advances	Construction	372,619
Bond proceeds	Construction projects	<u>8,357,570</u>
		<u>\$ 8,917,118</u>

4. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2017, are as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	-	-	5,000
Construction in progress	<u>1,131,918</u>	<u>2,639,824</u>	<u>(1,664,006)</u>	<u>2,107,736</u>
Total capital assets, not being depreciated	<u>1,398,258</u>	<u>2,639,824</u>	<u>(1,664,006)</u>	<u>2,374,076</u>
Capital assets, being depreciated:				
Intangible plant	1,022,551	-	-	1,022,551
Sources of supply plant	2,076,956	32,297	-	2,109,253
Pumping plant	10,037,819	-	-	10,037,819
Transmission and distribution plant	65,121,930	1,538,900	(4,229)	66,656,601
Telemetry equipment	1,489,672	50,945	-	1,540,617
General plant	570,451	25,896	(11,708)	584,639
Office building and equipment	6,501,662	12,313	(54,787)	6,459,188
Transportation equipment	964,038	165,282	(177,692)	951,628
Communication equipment	<u>133,902</u>	<u>-</u>	<u>(105,923)</u>	<u>27,979</u>
Total capital assets, being depreciated	87,918,981	1,825,633	(354,339)	89,390,275
Less accumulated depreciation	<u>(30,564,853)</u>	<u>(2,452,920)</u>	<u>354,339</u>	<u>(32,663,434)</u>
Total capital assets, being depreciated, net	<u>57,354,128</u>	<u>(627,287)</u>	<u>-</u>	<u>56,726,841</u>
Total Capital Assets, Net	<u>\$ 58,752,386</u>	<u>\$ 2,012,537</u>	<u>\$ (1,664,006)</u>	<u>\$ 59,100,917</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 California Government Code. 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 California 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 consist of the following as of June 30, 2017:

Beginning of year	\$ 14,283,471
Contributions	290,611
Share of income	<u>(8,091)</u>
End of year	<u>\$ 14,565,991</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2017, including the participants' approximate percentage shares:

	Amount	Walnut Valley Water District	Rowland Water District
Total assets	\$ 67,855,247	50.0%	50.0%
Total liabilities	38,723,269	50.0%	50.0%
Total equity	29,131,978	50.0%	50.0%
Billings to participants	21,837,766		

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 of 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, 2017, the District remitted assessments totaling \$49,727 for their share of general and administrative costs and future replacement costs. Also, the District purchased water totaling \$5,103,210 for the Commission during the year ended June 30, 2017.

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 12-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 Commission as an other noncurrent asset, investment in joint ventures, primarily capital assets. The changes in its investment in the Commission consisted of the following:

Beginning of year	\$ 699,030
Share in income	<u>8,369</u>
End of year	<u>\$ 707,399</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

5. INVESTMENT IN JOINT VENTURES (CONTINUED):

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

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2017, including the participants' approximate percentage shares:

	<u>Amount</u>	<u>City of Pomona</u>	<u>Walnut Valley Water District</u>	<u>Rowland Water District</u>
Total assets	\$6,258,358	27.5%	44.0%	28.5%
Total liabilities	\$3,776,256	27.5%	44.0%	28.5%
Total equity	\$2,482,102	27.5%	44.0%	28.5%
Water billings to participants	\$19,427,414			

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. 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, 2017, is \$18,530,000. 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, 2017, is \$1,515,112.

Interest is payable semiannually 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 for the year ended June 30, 2017:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
Water Revenue Refunding Bonds, Series 2014A	\$ 19,025,000	\$ -	\$ (495,000)	\$ 18,530,000	\$ 510,000
Add: Unamortized Premium	<u>1,582,026</u>	<u>-</u>	<u>(66,914)</u>	<u>1,515,112</u>	<u>-</u>
Total	<u>\$ 20,607,026</u>	<u>\$ -</u>	<u>\$ (561,914)</u>	<u>\$ 20,045,112</u>	<u>\$ 510,000</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

Maturities of the Water Revenue Refunding Bonds, Series 2014A and interest payments subsequent to June 30, 2017, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	585,000	707,044	1,292,044
2023 - 2027	3,300,000	3,160,894	6,460,894
2028 - 2032	3,945,000	2,541,878	6,486,878
2033 - 2037	4,945,000	1,547,375	6,492,375
2038 - 2040	3,620,000	277,750	3,897,750
Total	<u>\$ 18,530,000</u>	<u>\$ 11,260,092</u>	<u>\$ 29,790,092</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 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, 2012 Series A. Interest is payable semiannually 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, 2017:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
Installment purchase Contract	\$ 18,675,000	\$ -	\$ (410,000)	\$ 18,265,000	\$ 425,000
Add: Unamortized premium	1,391,215	-	(52,339)	1,338,876	-
Total	<u>\$ 20,066,215</u>	<u>\$ -</u>	<u>\$ (462,339)</u>	<u>\$ 19,603,876</u>	<u>\$ 425,000</u>

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. INSTALLMENT PURCHASE CONTRACT PAYABLE (CONTINUED):

Maturities of the installment purchase contract and interest payments subsequent to June 30, 2017, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	495,000	656,600	1,151,600
2023 - 2027	2,800,000	2,965,325	5,765,325
2028 - 2032	3,300,000	2,461,813	5,761,813
2033 - 2037	3,885,000	1,888,688	5,773,688
2038 - 2042	4,855,000	912,625	5,767,625
2043	1,125,000	56,250	1,181,250
Total	<u>\$ 18,265,000</u>	<u>\$ 11,748,326</u>	<u>\$ 30,013,326</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, 2017, the total accrued vacation liability for all employees totaled \$168,743. 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 an 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 regard 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, 2017, the total accrued sick leave liability for all employees totaled \$131,712.

9. DEFERRED COMPENSATION PLAN:

The District has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation 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, 2017

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 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five 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, 2017, are summarized as follows:

	Miscellaneous	
	Prior to July 13, 2012	PEPRA On or After January 1, 2013
Hire date		
Benefit formula	2%@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:		
Normal cost rate	10.069%	6.550%
Payment of unfunded liability	\$165,766	\$8

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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, 2017, 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	<u>\$ 3,934,518</u>

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, 2016, 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, 2016 and 2017, is as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2014	0.11112%
Proportion - June 30, 2015	0.11326%
Change - Increase (Decrease)	0.00214%

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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, 2017, the District recognized pension expense of \$597,809. At June 30, 2017, 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	\$ 371,209	\$ -
Differences between actual and expected experience	12,069	(2,765)
Change in assumptions	-	(114,181)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	188,687	(47,094)
Net differences between projected and actual earnings on plan investments	594,276	-
Total	<u>\$ 1,166,241</u>	<u>\$ (164,040)</u>

An amount of \$371,209 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, 2018. 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
2018	\$ 114,565
2019	107,124
2020	255,377
2021	153,926
2022	-
Thereafter	-

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

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

Actuarial Assumptions:

The actuarial method and assumptions used to determine the total pension liability were as follows:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	(1)
Mortality Rate Table	(2)
Post-Retirement Benefit Increase	(3)

- (1) Varies by age, service, and type of employment.
 (2) 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 April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on CalPERS website.
 (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2015, 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.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. DEFINED BENEFIT PENSION PLANS (CONTINUED):

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

Change of Assumptions:

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

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 PERF 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, 2017

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 of Directors effective on July 1, 2015.

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	20.00%	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	1.00%	-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, 2017

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 one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$ 6,070,754
Current Discount Rate	7.65%
Net Pension Liability	\$ 3,934,518
1% Increase	8.65%
Net Pension Liability	\$ 2,169,025

Pension Plans Fiduciary Net Position:

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

Subsequent Events:

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017, measurement date reports and will result in an increase to employer's total pension liabilities.

- c. Payable to the Pension Plans:

At June 30, 2017, the District had no outstanding amount of contributions to the pension plans due for the year ended June 30, 2017.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 the 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, 2017, the District paid \$154,732 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, 2017.

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 30 years.

ROWLAND WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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	\$ 422,026
Interest on net OPEB obligation	7,987
Adjustment to annual required contribution	<u>(8,080)</u>
Annual OPEB cost (expense)	421,933
Implied subsidy	(12,090)
Actual contributions made	<u>(574,732)</u>
Increase (decrease) in net OPEB obligation	(164,889)
Net OPEB obligation - beginning of year	<u>120,446</u>
Net OPEB Asset - End of Year	<u>\$ (44,443)</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, 2017, 2016, and 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation (Asset)
6/30/15	\$ 351,251	\$ 154.21%	\$ 269,110
6/30/16	418,655	135.21%	120,446
6/30/17	421,933	136.21%	(44,443)

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, 2017

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, and mortality, as well as economic assumptions regarding claim costs per retiree, health-care 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 multiyear 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, 2017

12. RISK MANAGEMENT (CONTINUED):

At June 30, 2017, 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 \$100,000 per occurrence and has purchased excess insurance coverage up to \$150,000,000 (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 \$5,000,000 per occurrence and has purchased excess insurance coverage of \$171,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage of \$171,000,000. This program does not have a deductible.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage of \$171,000,000.

Crime - 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 - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

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, 2017

13. UNRESTRICTED NET POSITION:

The District has adopted a policy to designate reserves of unrestricted net position. Total reserves are designated as follows as of June 30, 2017:

Designated reserves for:	
Operations	\$ 2,875,000
Rate stabilization	761,561
Capital funding including expansion of facilities and future repairs and maintenance	<u>8,884,879</u>
Total Designated Reserves	12,521,440
Undesignated net position	<u>10,930,793</u>
 Total Unrestricted Net Position	 <u>\$ 23,452,233</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, La Habra Height's direct cost of production, energy costs associated with the delivery of the water to the delivery point, and 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, 2017, have been evaluated for possible adjustments to the financial statements or disclosure as of DATE, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

ROWLAND WATER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.04547%	0.04441%	0.03764%
Plan's proportionate share of the net pension liability	\$ 3,934,518	\$ 3,048,469	\$ 2,341,881
Plan's covered - employee payroll	\$ 2,099,673	\$ 2,161,937	\$ 2,163,227
Plan's proportionate share of the net pension liability as percentage of its covered - employee payroll	187.39%	141.01%	108.26%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.06%	78.40%	83.35%
Plan's proportionate share of aggregate employer contributions			

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, 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.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

* - Fiscal year 2015 was the first year of implementation; therefore, only two years is shown.

ROWLAND WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

Last Ten Fiscal Years*

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 371,209	\$ 337,455	\$ 334,790
Contributions in relation to the actuarially determined contributions	<u>(371,209)</u>	<u>(337,455)</u>	<u>(334,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,167,973	\$ 2,099,673	\$ 2,161,937
Contributions as a percentage of covered - employee payroll	17.12%	16.07%	15.49%

Notes to Schedule:

Valuation Date 6/30/2014

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	Varies by age, service, and type of employment**
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.**

* - Fiscal year 2015 was the first year of implementation; therefore, only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively), 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. The market value asset valuation method was utilized for the June 30, 2013 and 2014, valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

ROWLAND WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2017

**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>

ROWLAND WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2017

**OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS**

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense (1)</u>
6/30/17	10.7%

(1) Ten years of historical information is required by the Governmental Accounting Standards Board Statement No. 74. Fiscal year ended June 30, 2017, was the first year of implementation; therefore, only one year is presented.

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT

OTHER SUPPLEMENTARY INFORMATION

DRAFT

ROWLAND WATER DISTRICT

SCHEDULE OF OTHER OPERATING EXPENSES

For the year ended June 30, 2017

Engineering	\$ 12,673
Maintenance and operations	28,743
Small tools and supplies	24,785
Water tests	22,059
Certification, fees, and permits	66,164
Water supply planning and development	<u>156,653</u>
TOTAL OTHER OPERATING EXPENSES	<u>\$ 311,077</u>

DRAFT

ROWLAND WATER DISTRICT

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended June 30, 2017

Salaries and wages	\$ 1,043,137
Payroll taxes	173,329
Insurance	635,235
Automobile expenses	58,209
Service charges	119,492
Office supplies and expenses	243,278
Utilities	99,256
Professional services	519,568
Membership fees and dues	46,156
Conferences and travel	54,369
Directors' fees and expenses	130,625
Public relations	119,179
Repairs and maintenance	25,540
Pension plan contributions	759,381
Other post-employment benefits	409,843
Seminars and training	60,119
Conservation rebate program expenses	20,290
Taxes, permits, and fees	4,244
Uncollectable accounts	12,209
Miscellaneous	28,540
	<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 4,561,999

THIS PAGE INTENTIONALLY LEFT BLANK

DRAFT

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated DATE.

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*.

We noted certain other matters that we have reported to management and the Board of Directors in a separate letter dated [DATE].

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.

Irvine, California

[DATE]

Board of Directors
Rowland Water District
Rowland Heights, California

We have audited the financial statements of the Rowland Water District (the District) as of and for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 4, 2017 and in our planning communication letter to you also dated August 14, 2017. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2017. 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.

The most sensitive estimates affecting the District's financial statements were:

- a. When available, management's estimate of the fair value of investments is based on quoted prices in active markets. 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 is based on industry standards.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- c. The annual required contributions, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District'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.

Disagreements with Management

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

Significant Audit Findings (Continued)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated [DATE].

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 schedules of funding progress and annual money-weighted rate of return on investments, 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.

Upcoming Changes in Accounting Standards and Regulatory Updates

Procurement Rules under Uniform Guidance

The Uniform Guidance has different procurement rules than those previously required by the Circular A-133. Due to the work required by nonfederal entities to implement these new rules, a two-year grace period was given. In May 2017, an additional one-year grace period was given. Beginning July 1, 2018, nonfederal entities will be required to comply with all of the Uniform Guidance procurement rules should they expend any federal funding. Included in these new rules is the requirement for written policies and procedures.

Commencing with the fiscal year 2018-2019 audits, auditors will request the written policies of the nonfederal entity for all single audits and reviewing the procurement policies and procedures for compliance with the Uniform Guidance procurement rules.

Other Post-Employment Benefit Standards

In June 2015, the Government Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The scope of this statement addresses accounting and financial reporting for post-employment benefits other than pension (other post-employment benefits or OPEB) that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit and defined contribution plans. This statement requires governments to report a net OPEB liability or asset on the face of the financial statements. The District is required to implement GASB Statement No. 75 in fiscal year ending June 30, 2018.

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.

Irvine, California
[DATE]

Client: 79555 - Rowland Water District
 Engagement: 2017 - Rowland Water District
 Period Ending: 6/30/2017
 Trial Balance: 2999.01 - Rowland Water District
 Workpaper: 3210.01 - Waived AJE's Report

Account	Description	W/P Ref	Debit	Credit	Net Income Effect Expense/(Income)
Passed Journal Entries JE # 302		7101.00			
Entry to record tax receivable at 6/30/17 per confirm and adjust for PY receivable that wasn't recorded since District records					
14515-0	OTHER RECEIVABLE		27,041.00		
30130-0	UNAPPROPRIATED FUND BALANCE			12,465.00	
49310-0	COUNTY TAX CONTRIBUTIONS			14,576.00	(14,576)
Total			<u>27,041.00</u>	<u>27,041.00</u>	
				Effect of prior year PAJE's	-
					<u>(14,576)</u>

DRAFT

Tab

2.3



RESOLUTION NO. 12-2017
(Supersedes Resolution No. 12-2014)

**RESOLUTION OF THE BOARD OF DIRECTORS
OF ROWLAND WATER DISTRICT
AMENDING BOARD POLICY FOR
ELECTION AND ROTATION OF BOARD OFFICERS**

WHEREAS, Water Code Section 30520 provides that, within thirty days of directors taking office after a general district election the Board of Directors shall meet and elect one of their members President of the Board and may elect one of their members vice-president; and,

WHEREAS, the Board of Directors considers that experience with Board procedures and customs, knowledge of the District's operations and facilities, and familiarity with the laws governing county water districts, gained while serving as a member of the Board of Directors is invaluable to a director assuming the office of President of the Board of Directors; and,

WHEREAS, having experienced directors serve in the role of President of the Board promotes effective and efficient governance and continuity of District goals and policies; and,

WHEREAS, the Board of Directors desires to adopt a policy to ensure that Directors have an opportunity to acquire experience and knowledge prior to being elected to the office of President of the Board; and,

WHEREAS, the Board of Directors believes that the existing policy of rotation of each of the members of the Board into the office of President and Vice-President of the Board is beneficial to the District and to the Directors by allowing each to bring his or her own talents to the running of the District;

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

1. The term of the President and the Vice-President of the Board of Directors shall be for two (2) years, coinciding with the election year (even years). The terms shall commence at the regularly scheduled meeting in December, following the election. In the event the office of President of the Board becomes vacant prior to the end of his or her term, the Vice-President shall become President of the Board to complete the remainder of the term. A director may serve two consecutive terms as President of the Board. Completing the unexpired term of President where a vacancy has occurred, shall not disqualify a director from serving as President for two full consecutive terms.

2. It shall be the policy of the Board that a Director shall have served on the Board of Directors for a minimum of four (4) years before being elected to the office of President or Vice-President of the Board.

3. The policy that the director serving as Vice-President shall be next in line for election to the office of President, shall continue. As the terms of the President and Vice-President expire, the director with the next most seniority shall be elected to the office of Vice-President and then President in order.

4. When the Director having the least seniority on the Board of Directors is elected to the office of President, the Director with the most seniority shall be in line for election to the office of Vice-President, and the rotation of office shall continue with each Director following in order of seniority.

5. If a vacancy occurs in the office of President or Vice-President prior to the end of a term for that office, then it is the policy of the Board that the Director who would next succeed to that office at the end of the term be elected to serve the balance of the term in which the vacancy occurred as well as the next full term for that office.

6. Whenever a person who has not previously served as Director is elected to the Board of Directors, that person shall assume the last place in the order of rotation, notwithstanding the position of his predecessor.

7. This policy reflects the preference of the Board of Directors as to the experience of the directors serving as President and Vice-President and the rotation of the office of President and Vice-President of the Board, and may be suspended or superseded at any time by subsequent action of the Board.

ADOPTED THIS 12th day of December 2017 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Szu Pei Lu-Yang
Board President

ATTEST:

Tom Coleman
Board Secretary

Tab

2.4

**Intentionally
Left Blank**

Tab

2.5



CURRENT LIST OF COMMITTEE ASSIGNMENTS
Rowland Water District
Board of Directors

UPDATED AND APPROVED BY BOARD ON DECEMBER 12, 2017

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	
Rowland Heights Community Coordinating Council	Director Bellah Director Lu-Yang	

Tab

2.6

**Intentionally
Left Blank**

Tab

2.7



RESOLUTION NO. 12.1-2017
Supersedes Resolution No. 12-2016

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 12, 2017 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 12, 2017.

TOM COLEMAN
General Manager/Board Secretary

Tab

2.8

**Intentionally
Left Blank**

Tab

2.9



RESOLUTION NO. 12.2-2017
(Supersedes Resolution No. 12.1-2016)

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 12, 2017. The Investment Policy provided herein shall continue until repealed or amended by the Board of Directors.

Adopted this 12th day of December, 2017 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Szu Pei Lu-Yang, President

Attest:

Tom Coleman
General Manager/Treasurer

Tab

2.10



RESOLUTION NO. 12.3-2017
Supersedes Resolution No. 12.2-2016

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. 12.2-2017 , 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 12, 2017 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Szu Pei Lu-Yang, President

Attest:

TOM COLEMAN
General Manager/Treasurer

Tab

2.11



RESOLUTION NO. 12.4-2017

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE ROWLAND WATER DISTRICT
AMENDING THE DISTRICT'S
"RETIREE HEALTH BENEFITS" RULE**

WHEREAS, the Board of Directors has previously established a Rule to provide retiree health benefits to eligible retired full-time employees of the District and their eligible spouses; and,

WHEREAS, the Rule previously adopted by the Board of Directors does not provide retiree health benefits to the surviving spouse and/ or dependents of an employee that passes away before retiring but is otherwise eligible to receive retiree medical, dental, and vision insurance benefits; and,

WHEREAS, it is the intent of the District to provide retiree health benefits to the surviving spouse of a deceased employee who was eligible for retirement and retiree benefits but who passed prior to actual retirement, and

WHEREAS, it is the intent of the District to provide these retiree health benefits to employees who have over twenty five years in the water utility industry, and

WHEREAS, The Board of Directors wishes to revise its Retiree Health Benefits Rule to make express its intended practice.

NOW THEREFORE, the Board of Directors of the Rowland Water District does hereby **RESOLVE**, **DETERMINE**, and **ORDER** as follows:

1. *Repeal of the Prior Personnel Rule 3.11 Regarding "Retiree Health Benefits".*

The prior Personnel Rule 3.11 regarding Retiree Health Benefits is repealed in its entirety.

2. *Adoption of Updated Rule 3.11 Regarding Retiree Health Benefits.*

The Board of Directors hereby adopts Rule 3.11 regarding “Retiree Health Benefits”. The revised policy is attached hereto as Exhibit “A,” incorporated herein and made part of this Resolution by reference.

3. *Authorization for Minor Amendments to Exhibit “A”.*

The District’s General Counsel and General Manager are hereby authorized to make minor amendments to the Retiree Health Benefits Rule without further action by the Board of Directors. Minor amendments include improvements in descriptions, changes in comments, and other non-substantive changes. Substantial amendments such as changes in the Retiree Health Benefits Rule must be presented to the Board of Directors for approval.

4. *Incorporation Into Personnel Manual*

Staff is directed to revise the Districts Personnel Rules and Regulations to accurately reflect retiree benefits.

Adopted at a regular meeting of the Board of Directors held December 12, 2017 by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

SZU PEI LU-YANG

President

ATTEST:

Tom Coleman, Secretary

Exhibit "A"

3.11 Retiree Health Benefits

a. **Eligibility.** Current full-time employees hired before January 1, 2013, and new employees previously members of CalPERS since before 2013 who have not had a break in service of greater than six (6) months, are eligible for post-retirement medical, dental, and vision benefits, if, at the time of retirement, they have been employed by the District for a minimum continuous period of fifteen (15) years and have attained a minimum age of fifty (50) years. All other employees are eligible for post-retirement medical, dental, and vision benefits, if, at the time of retirement, they have been employed by the District for a minimum continuous period of fifteen (15) years and have attained a minimum age of sixty two (62) years.

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, "retirement from the District" means the employee's effective retirement date is within 120 days of separation from employment with the District and the employee receives either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

b. **Coverage for Employee and Spouse.** The District will pay the full cost for the retiree for medical, dental, and vision insurance. The District will provide benefits for the spouse of a retired eligible employee if the retiree was either (1) employed by the District prior to July 1, 2009 or was (2) otherwise eligible because of his or her twenty five years of service in the industry pursuant to the second paragraph in section (a). The spousal benefits are provided until the death or remarriage of such spouse, and are extinguished if the retiree remarries after retirement.

Where an employee was eligible for retirement and the above-stated spousal benefits but passes away prior to retirement, the District will provide retiree health benefits to the surviving spouse of the deceased employee until the surviving spouse's death or remarriage. This benefit shall only be available to a surviving

spouse if he or she was married to the eligible employee for at least one year prior to the employee's death.

c. **Coverage for Dependents.** The District shall provide group medical insurance benefits at District expense for dependent children of retired eligible employees who are eligible for benefits for his or her spouse pursuant to paragraph (b). Dependent children mean unmarried children of the qualifying employee under nineteen (19) years of age and unmarried children between the ages of nineteen (19) and twenty-six (26) years who are IRS dependents of retired eligible employees.

Where an employee was eligible for retirement and the above-stated coverage for dependents but passes away prior to retirement, the District will provide the retiree health benefits to the surviving dependents of the deceased employee, so long as they would have qualified for such benefits except for the employee's passing and so long as they remain dependents of a surviving spouse who is covered pursuant to paragraph (b). This benefit shall cease upon coverage by any other source.

d. **Coverage Upon Medicare Eligibility.** The District's coverage shall become secondary to Medicare or any other similar state or federal program providing such benefits upon the employee's eligibility for Medicare or any other similar state or federal program.

e. **Substitution of Coverage.** The Board of Directors retains sole discretion to substitute other major medical, vision and dental coverage for the coverages currently provided.

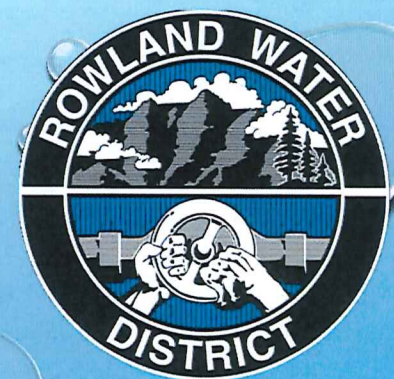
Tab

2.12

STATEMENT OF OPERATIONS

ROWLAND WATER DISTRICT

JULY 1, 2017 – SEPTEMBER 30, 2017



NET INCOME SUMMARY

Summary	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget	% of Total Revenues
Total Revenues	6,749,447.00	6,077,818.00	21,845,000.00	30.90%	
Operating Expenses	3,406,170.00	3,318,219.00	14,375,000.00	23.70%	50.47%
Administrative Expenses	391,366.00	328,865.00	1,295,000.00	30.22%	5.80%
Personnel Expenses	1,267,223.00	1,152,426.00	4,920,000.00	25.76%	18.78%
Total Expenses	5,064,759.00	4,799,510.00	20,590,000.00	24.60%	75.05%
Net Income	1,684,688.00	1,278,308.00	1,255,000.00	134.24%	24.96%

REVENUE SUMMARY

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Water Sales (Potable)	4,321,523.00	4,049,715.00	13,875,000.00	31.12%
Water Sales (Recycled)	232,476.00	241,327.00	550,000.00	42.27%
Meter Service Charge	1,948,059.00	1,626,030.00	6,400,000.00	30.44%
Customer Fees	145,756.00	64,865.00	310,000.00	46.27%
Property Taxes	9,923.00	8,433.00	300,000.00	3.97%
Contract Income	55,293.00	33,183.00	160,000.00	34.56%
Interest Income	36,417.00	54,265.00	250,000.00	14.57%
Totals	6,749,447.00	6,077,818.00	21,845,000.00	30.90%

NEW OR INCREASED FEES FEE STUDY – APRIL, 2017

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
New Fees (2017)				
Capacity Fees	51,587.00	0.00	50,000.00	103.17%
Cross Connection Fees	2,035.00	0.00	0.00	0.00%
Recycled Water Inspection	710.00	0.00	0.00	0.00%
Increased Fees (2017)				
Penalty Fees	60,277.00	43,655.00	190,000.00	31.72%
Connection Fees	16,947.00	12,405.00	40,000.00	42.37%
Reconnection Fees	12,100.00	6,355.00	20,000.00	60.50%
Fire Flow Tests	2,100.00	2,450.00	10,000.00	21.00%
Totals	145,756.00	64,865.00	310,000.00	47.02%

OPERATING EXPENSE SUMMARY

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Water Purchases (Potable)	2,750,460.00	2,662,108.00	9,300,000.00	29.57%
Water Purchases (Recycled)	63,997.00	73,789.00	250,000.00	25.60%
Fixed Charges	68,656.00	89,475.00	315,000.00	21.80%
Debt Service Expense	0.00	0.00	2,450,000.00	0.00%
Maintenance of Water System	130,470.00	175,292.00	540,000.00	24.16%
Pumping Expense	107,875.00	108,151.00	350,000.00	30.82%
Service Contracts	50,767.00	96,586.00	220,000.00	23.08%
Operating Assessments	132,540.00	20,363.00	330,000.00	40.16%
Water Supply & Develop.	6,903.00	11,529.00	120,000.00	5.75%

MAINTENANCE OF WATER SYSTEM

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Chemicals	13,319.00	12,105.00	40,000.00	33.30%
Hydrants	32,205.00	26,474.00	100,000.00	32.21%
Mains	873.00	45,773.00	60,000.00	1.46%
Meters	750.00	9,123.00	60,000.00	1.25%
Pumps	6,513.00	6,926.00	25,000.00	26.05%
Recycled Water	1,481.00	2,312.00	30,000.00	4.94%
Recycled Water - COI	32,263.00	1,206.00	5,000.00	645.26%
Reservoirs	11,308.00	25,878.00	100,000.00	11.31%
Services	31,599.00	34,839.00	80,000.00	39.50%
Valves	159.00	5,752.00	15,000.00	2.76%
Telemetry	0.00	4,904.00	25,000.00	0.00%
Totals	130,470.00	175,292.00	540,000.00	24.16%

OPERATING EXPENSE - CONTINUED

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Engineering	8,400.00	0.00	170,000.00	4.94%
Maintenance & Operation	1,805.00	3,579.00	30,000.00	6.02%
Vehicle Expense	17,765.00	15,672.00	65,000.00	27.33%
Equipment Expense	4,494.00	7,228.00	25,000.00	17.98%
Tools & Supplies	6,409.00	8,616.00	30,000.00	21.36%
Water Tests	4,700.00	6,565.00	25,000.00	18.80%
Water Conservation	21,080.00	17,690.00	25,000.00	84.32%
Community Outreach	29,849.00	21,576.00	130,000.00	22.96%
Totals	3,406,170.00	3,318,219.00	14,375,000.00	23.70%

ADMINISTRATIVE EXPENSE SUMMARY

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Liability Insurance	59,470.00	60,273.00	125,000.00	47.58%
Conferences	12,953.00	19,792.00	60,000.00	21.59%
Seminars and Training	15,448.00	20,259.00	70,000.00	22.07%
IT Licensing & Support	64,205.00	60,457.00	230,000.00	27.92%
Legal Services	17,306.00	28,442.00	170,000.00	10.18%
Directors' Compensation & Benefits	34,192.00	27,922.00	145,000.00	23.58%
Bank and Management Fees	27,563.00	26,428.00	110,000.00	25.06%
Auditing	13,000.00	15,750.00	35,000.00	37.14%
Compliance	63,852.00	13,869.00	80,000.00	79.82%

ADMINISTRATIVE EXPENSE - CONTINUED

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Utility Services	30,902.00	20,296.00	90,000.00	34.34%
Memberships	3,080.00	4,123.00	55,000.00	5.60%
Office Expenses	11,916.00	8,879.00	30,000.00	39.72%
Uncollectable	14,118.00	5,668.00	30,000.00	47.06%
Miscellaneous Expenses	23,361.00	16,707.00	65,000.00	35.94%
Totals	391,366.00	328,865.00	1,295,000.00	30.22%

PERSONNEL EXPENSE SUMMARY

Categories	9/30/2017	9/30/2016	Budget FY 17-18	% of Budget
Wages – Water Treatment	176,015.00	154,949.00	825,000.00	21.34%
Wages – Mains and Services	167,956.00	172,111.00	750,000.00	22.39%
Wages – Customer Accounts	15,519.00	25,662.00	165,000.00	9.41%
Wages – Administrative	281,773.00	245,826.00	1,150,000.00	24.50%
Payroll/Employment Taxes	59,410.00	55,032.00	265,000.00	22.42%
Medical Insurance – Employees	128,880.00	106,879.00	545,000.00	23.65%
Medical Insurance – Retirees	40,586.00	35,760.00	150,000.00	27.06%
CalPERS Contributions	292,084.00	251,207.00	650,000.00	44.94%
OPEB Trust Contributions	105,000.00	105,000.00	420,000.00	25.00%
Totals	1,267,223.00	1,152,426.00	4,920,000.00	25.76%

CAPITAL ASSET SUMMARY

Puente Basin Water Agency Projects	Rowland Water District Projects
<input type="checkbox"/> Cal. Domestic Water Company ❖ \$.00	<input type="checkbox"/> Fullerton Grade Separation ❖ \$.00
<input type="checkbox"/> Pomona Basin Regional Groundwater ❖ \$.00	<input type="checkbox"/> Nogales Grade Separation ❖ \$.00
<input type="checkbox"/> La Habra Heights Project ❖ \$.00	<input type="checkbox"/> Tomich Booster Station ❖ \$.00
Total: \$.00	Total: \$.00

MONTHLY RESERVE COMPARISON

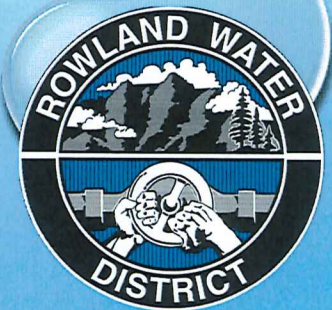
Month	2017	2016	Increase/Decrease Prior Year
April	\$13,186,959.00	\$17,437,200.00	(\$4,250,241.00)
May	\$13,201,883.00	\$16,641,897.00	(\$3,440,014.00)
June	\$12,692,684.00	\$16,707,866.00	(\$4,015,182.00)
July	\$12,691,689.00	\$16,663,076.00	(\$3,971,387.00)
August	\$12,722,787.00	\$16,652,559.00	(\$3,929,772.00)
September	\$12,691,334.00	\$16,671,784.00	(\$3,980,450.00)

Tab

2.13

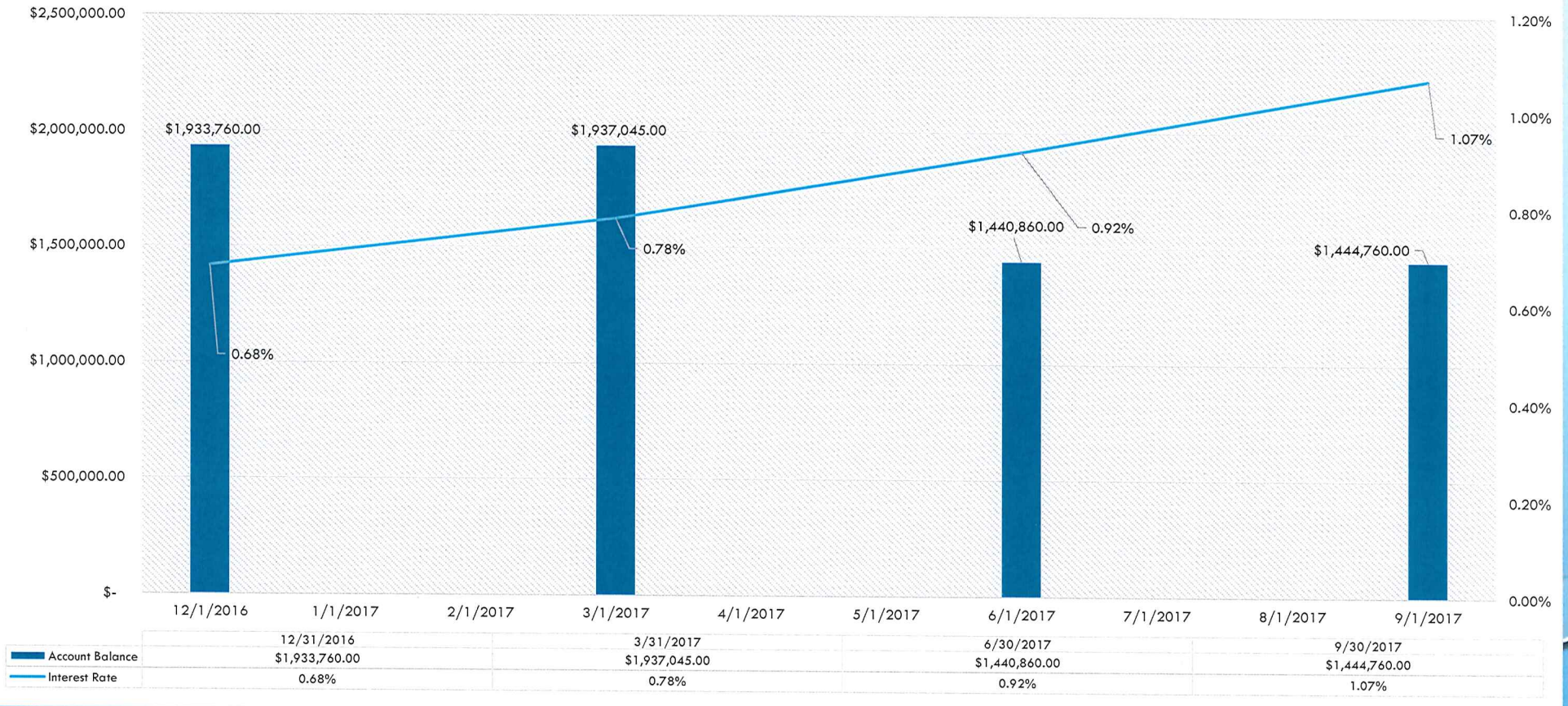
QUARTERLY INVESTMENT REVIEW

SEPTEMBER 30, 2017



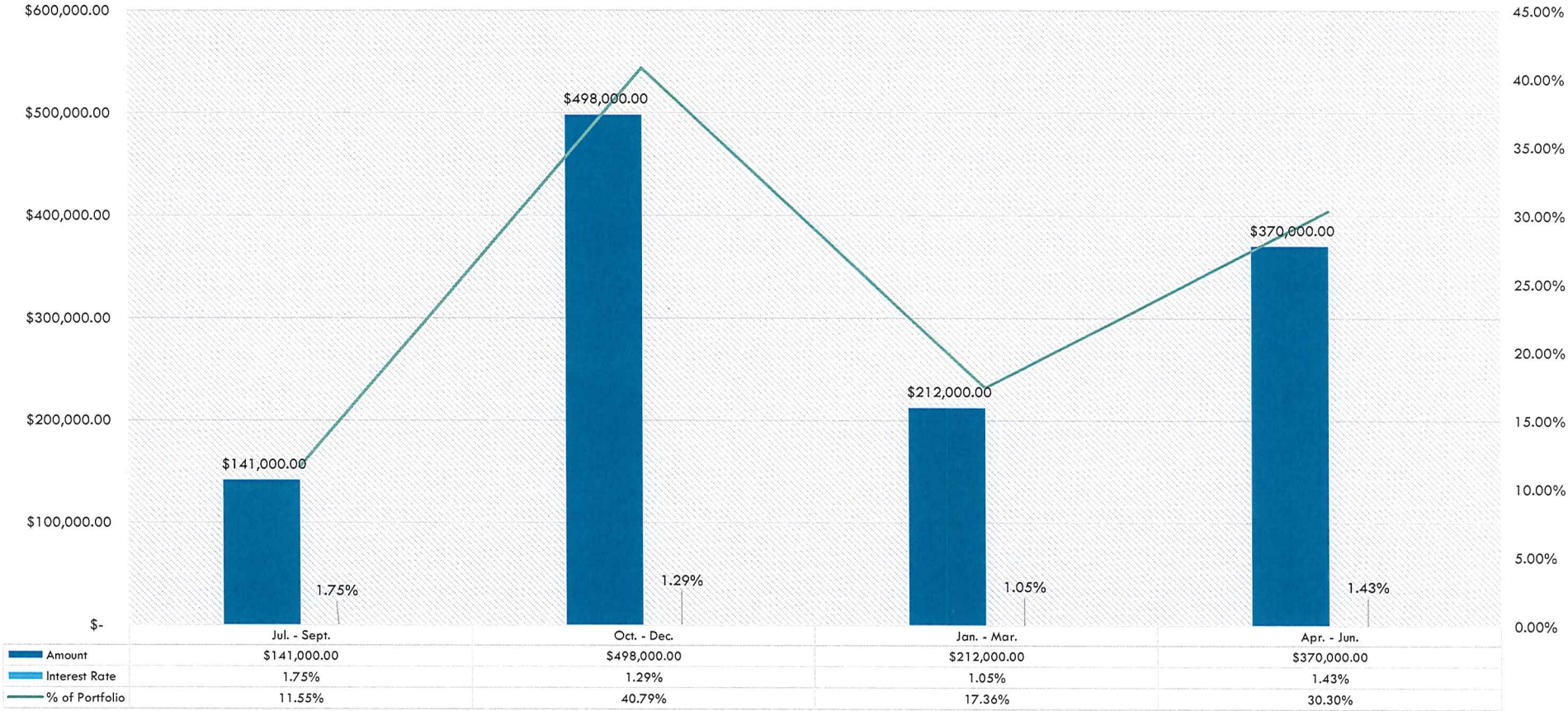
LOCAL AGENCY INVESTMENT FUND

LAIF VALUE = \$1,444,760.00



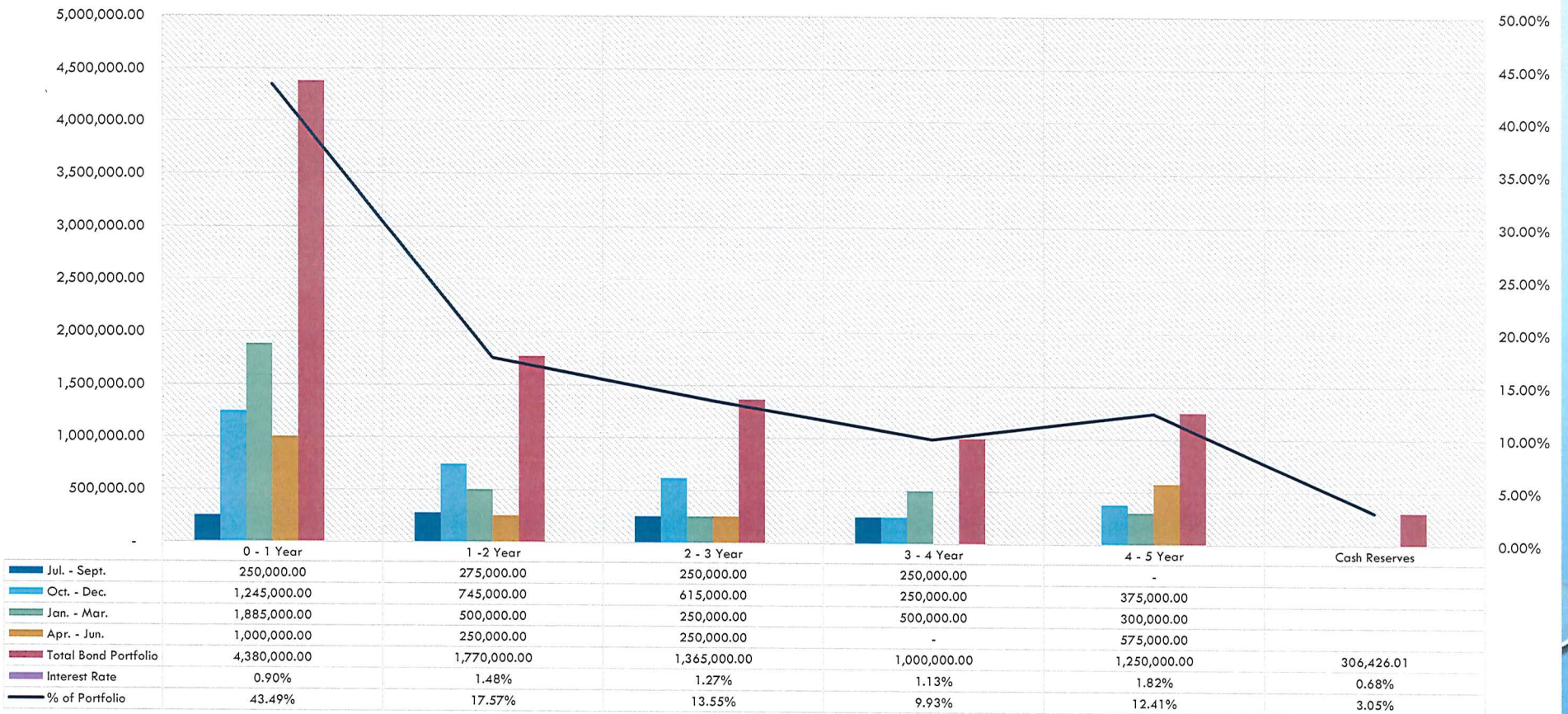
CD PLACEMENT PROGRAM

CD PLACEMENT VALUE = \$1,221,000.00



FIXED INCOME PORTFOLIO

FIXED INCOME VALUE = \$10,071,426.00



GASB 45 OPEB TRUST

OPEB TRUST VALUE = \$3,192,611.00
1 YEAR RETURN = 10.33%
5 YEAR RETURN = 7.22%



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Balance	\$2,603,256	\$2,678,323	\$2,761,197	\$2,807,593	\$2,876,851	\$2,945,350	\$2,992,287	\$3,071,970	\$3,124,125	\$3,192,611		
Contribution	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000			
Earnings/Loss	40,067	47,874	11,396	34,258	33,499	11,937	44,683	17,155	33,486			

2012 REVENUE BOND

BOND FUND VALUE = \$8,374,205.00



	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Balance	\$8,336,698	\$8,335,755	\$8,337,584	\$8,343,976	\$8,350,515	\$8,357,340	\$8,361,242	\$8,367,102	\$8,374,205			
Accrued Income	12,911	16,997	13,009	11,338	8,975	8,054	11,896	15,738	14,408			

ROWLAND WATER DISTRICT WATER IN-STORAGE

DATE	ACRE FEET	AMOUNT	TOTAL
November 30, 2016	994.5	596.00	592,722.00
December 31, 2016	410.1	594.00	243,599.00
December 31, 2016	4,595.5	596.00	2,738,888.00
Totals	6,000.1		\$3,575,209.00

ROWLAND WATER DISTRICT PORTFOLIO SUMMARY

UNRESTRICTED

• LOCAL AGENCY INVESTMENT FUND	\$ 1,444,760.00
• CD PLACEMENT PORTFOLIO	\$ 1,221,000.00
• FIXED INCOME PORTFOLIO	\$10,071,426.00

RESTRICTED

• GASB 45 OPEB TRUST	\$ 3,192,611.00
• REVENUE BOND FUND	\$ 8,374,205.00

WATER IN-STORAGE

• RWD CYCLIC STORAGE	\$ 3,575,209.00
----------------------	-----------------

TOTALS:	\$27,879,211.00
----------------	------------------------

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	Average Cost \$520.00	\$3,585,755.00

Tab

2.14

**Intentionally
Left Blank**

Tab

2.15

**Rowland Water District
Communication Strategies Update
December 12, 2017**

• **Leaks 101 Pocket Guide**

- Multi-panel pocket guide offers customers quick tips and advice on how to find leaks, along with additional information on leak responsibility on either side of the meter
- Customer service and field staff to distribute to customers

• **Customer Outreach**

- Rate increase update designed and printed; distribution early December
- Social media analysis and expansion

• **Rowland Quarterly**

- Newsletter redesign underway
- Press release to accompany launch

• **Filling Station Debut**

- Press release being developed
- Tagline/messaging language developed

• **ACWA Conference Follow-Up**

- Best in Blue Awards Announced
- Focus on OPARC program

• **Municipal Water Leader Magazine**

- December issue features OPARC and program's recognition at ACWA
- Press releases to accompany magazine publication

• **Miscellaneous**

- Bill Redesign
- Website (sliders and text updated as needed)
- On-Hold Messages

Press Releases

Date	News Story	In Process	Completed	Distributed
1/10/17	EduBucks/Scholarships	*****	*****	*****
1/31/17	Landscape Class	*****	*****	*****
1/31/17	Rates Holding Statement	*****	*****	*****
2/7/17	Conservation Mandates	*****		
3/23/17	Fix-A-Leak Week	*****	*****	*****
3/28/17	CAPIO Submissions	*****	*****	*****
6/15/17	Annual Budget	*****	*****	*****
6/28/17	Media Contest Winners	*****	*****	*****
6/28/17	Poster Contest Winners	*****	*****	*****
7/1/17	CCR Availability	*****	*****	*****
7/7/17	AMI	*****		
8/25/17	Buckboard Days	*****	*****	*****
8/27/17	Recycled Water Expansion	*****	*****	*****
8/27/17	Election Changes	*****	*****	*****
9/20/17	Filling Station	*****	*****	
10/10/17	Newsletter Redesign	*****	*****	
10/27/17	ACWA Finalist	*****	*****	*****
11/1/17 & 12/1/17	OPARC in Municipal Water & Leader	*****	*****	

Bill Stuffer – December 2017

IMPORTANT NOTICE ABOUT YOUR WATER RATES

Reminder: Beginning January 1, 2018
Rowland Water District will implement year two of the District's five-year rate increase.

Earlier in 2017, Rowland Water District worked diligently with NBS Government Finance Group to determine the rates necessary to ensure that the District meets its mandate to provide safe and reliable water to its ratepayers. A comprehensive financial plan was developed, with the most significant cost drivers described below:

Rising Costs and Growth
The price of water has increased, along with the cost of electricity needed to pump supplies through the system to homes and businesses. The proposed rates also take into consideration the rising costs of labor, benefits, water supplies and operations, as well as anticipated new connections.

System Maintenance
The District maintains a complex system of pipelines and facilities to deliver water safely and reliably. As the system ages, maintenance and upgrades are needed to keep it functioning efficiently and avoid expensive emergency repairs.

Financial Stability
The District is required to maintain reserves for operations, rate stabilization, and capital needs. Decreased water sales due to conservation affect the levels of these reserves and the financial stability of the District.

Please see reverse side for the new rates.


For more information, visit us at www.rowlandwater.com or call (562) 697-1726. November 2017

Leaks 101 Pocket Guide – December 2017

**JOIN INDY WATER
ON A QUEST**

**DISCOVER YOUR ROLE
IN THE ADVENTURE!**

#DiscoverRWD





Memorandum

To: Board of Directors

From: Brittnie Van De Car
Public Affairs Representative

Date: December 14, 2017

Re: Public Affairs & Education Update

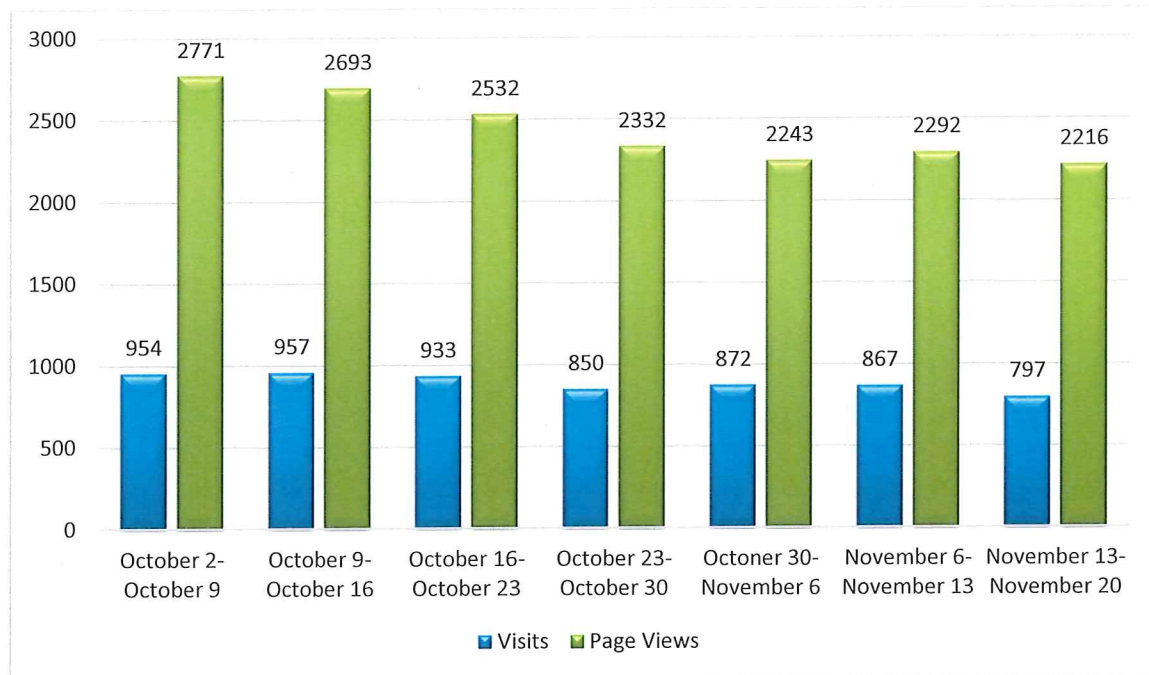
- Classroom Presentations:
 - Blandford Elementary School
 - 1st Grade
 - States of Water Presentation
 - January 23rd-January 24th
 - 100 Students
- Book is in the process of being printed
 - Going to work on scheduling to present this to school principals and grade level meetings
- Working with 5th grade lead teachers to work on new STEAM (Science, Technology, Engineering, ART and Math) curriculum
- Delivered Media contest and Scholar program to schools
- Preparing Poster Contest flier to deliver to schools and to start marketing
- 5 EduBucks were selected out of the 25 applications
- RUSD Winter Break is December 18-January 5, 2018.
- Updating website to make it less busy with less redundancies with forms and documents in repeated places
- 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



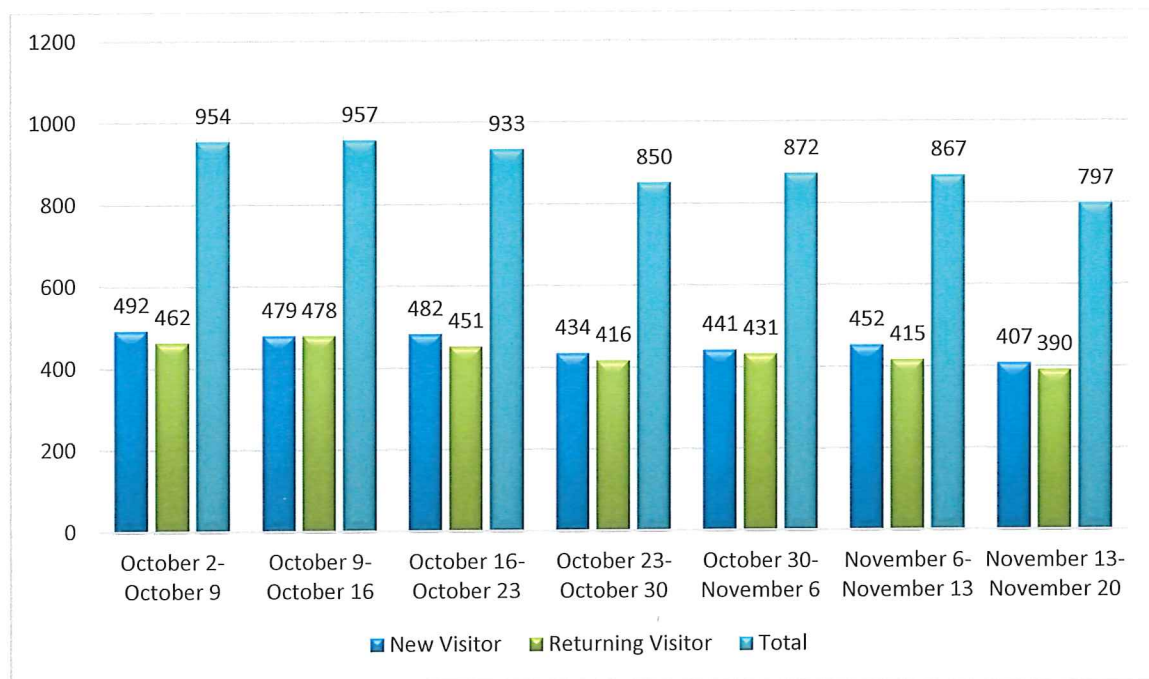
- Checking the District's FaceBook and Twitter page Daily
 - Have created a daily "theme" for FaceBook and Twitter
 - Have a Rowland Hashtag that is on all of our posts
- Maintain and view District website on a daily basis
 - Update pages
 - Make relevant changes
 - Updating the Drought Monitor page weekly
 - Upload the Board packet, minutes and agendas when necessary
- Attended the monthly WEWAC meeting on Wednesday, November 15, 2017

October and November 2017 Website Google Analytics

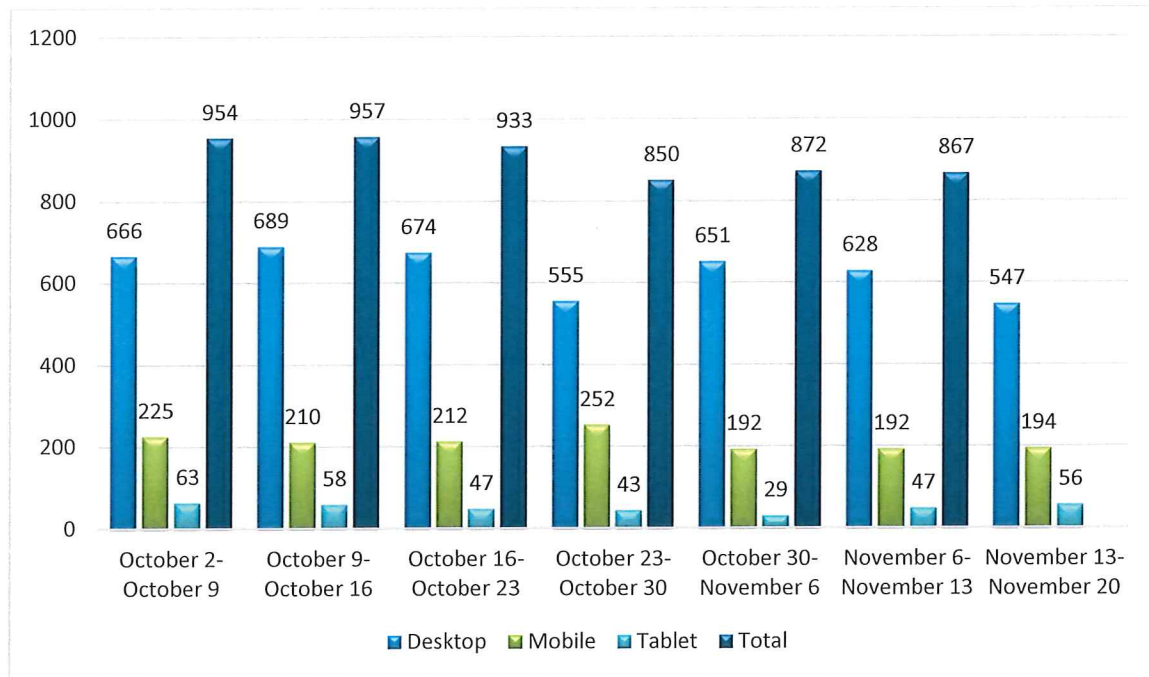
Website Visits and Pageviews



New vs. Returning Visitors



Source of Viewing



Tab

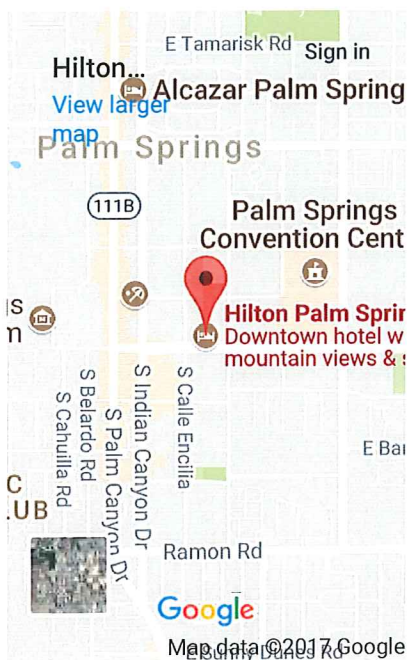
2.16

[f \(https://www.facebook.com/urbanwaterinstitute\)](https://www.facebook.com/urbanwaterinstitute) [t \(https://twitter.com/UrbanWaterInc\)](https://twitter.com/UrbanWaterInc)

welcome to the
URBAN WATER INSTITUTE

Conference

Spring Water Conference



The Urban Water Institute will host its Spring Water Conference, being held at Hilton Palm Springs on February 7-9, 2018 in Palm Springs, CA.

Hilton Palm Springs
400 E Tahquitz Canyon Way
Palm Springs, CA 92262

Will You Stay At The Hilton Palm Springs?

Tab

3.1

**Intentionally
Left Blank**

Tab

4

**Intentionally
Left Blank**

Tab

5.1

Action Agenda

**AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT**

Wednesday, November 15, 2017 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

Kuhn

Item 2 – Pledge of Allegiance

Kuhn

Item 3 – Roll Call

**Executive
Assistant**

- Bob Kuhn, President, Division IV
- David De Jesus, Vice President, Division II
- Brian Bowcock, Secretary, Division III
- Joe Ruzicka, Treasurer, Division V – excused absence
- Dan Horan, Director, Division VII
- Carlos Goytia, Director, Division I
- John Mendoza, Director, Division VI

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

None

Kuhn

Item 5 – Reorder Agenda

None

Kuhn

Item 6 – Public Comment *(Government Code Section 54954.3)*

None

Kuhn

Item 7 – Consent Calendar

Kuhn

The Board is being asked to consider the consent calendar items 7.1 – 7.6 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 2017 [enc]

- October 4, 2017 – Regular Board Meeting
- October 18, 2017 – Regular Board Meeting

Action Agenda

7.2 – Approve Financial Reports and Investment Update – October 2017 [enc]

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

7.3 – Resolution No. 17-11-812 Surplus Property [enc]

The Board will consider approval of the surplus property schedule in accordance with Resolution No.11-04-488 (November 2004).

7.4 – LAFCO Nomination of Alternate Member – Special Districts [enc]

The Board will consider and approve the nomination of Director Joseph Ruzicka to serve as the special district alternate to LAFCO for the 2018-2022 term. Staff will be directed to complete required documentation and remit to LAFCO within the prescribed schedule.

7.5 – Mileage Reporting Standardization [enc]

The Board will consider approval of the mileage reporting standardization template that has been developed as a guideline. Directors are encouraged to record any variances to beginning/ending routes on their expense report.

7.6 – FY 17-18 First Quarter Reserve Update [enc]

The Board will be provided a FY 17-18 first quarter update of TVMWD's reserve schedule.

Items 7.1 – 7.6: Board Action Required – Motion No. 17-11-5155

Staff Recommendation: Approve as presented

Motion: Goytia Second: Horan Vote: 6-0 (Ruzicka, excused absence)

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.

Howie

8.A.1 – Approve Director Expense Reports, October 2017 [enc]

The Board will consider approval of the October 2017 expense reports that include disclosure of per diem requests for meeting attendance, and an itemization of any expenses incurred by TVMWD.

Item 8.A.1: Board Action Required – Motion No. 17-11-5156

Staff Recommendation: None

Motion: Goytia Second: Horan Vote: 6-0 (Ruzicka, excused absence)

Action Agenda

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.

Garcia

8.B.1 – Calendar Year Imported Water Purchases October 31, 2017 [enc]

The Board will review the imported water purchases for October 2017.

8.B.2 – Miramar Operations Report – October 2017 [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 9 – Directors’ / General Manager Oral Reports

The following reports are provided by directors as it concerns activities at meetings of which they are assigned to serve as the representative or alternate of the District.

- | | |
|--|-----------------|
| 9.A – Local Agency Formation Commission (October 11, 2017) | Kuhn |
| 9.B – PWR-Joint Water Line Commission (October 19, 2017) | Horan |
| 9.C – Six Basins Watermaster (October 25, 2017) | Mendoza |
| 9.D – Main San Gabriel Basin Watermaster (November 1, 2017) | Bowcock |
| 9.E – Chino Basin Watermaster (October 26, 2017) | Kuhn |
| 9.F – San Gabriel Valley Water Quality Authority (October 18, 2017) | Kuhn |
| 9.G – Metropolitan Water District (November 14, 2017) | De Jesus |
| 9.H – Additional Board Member or Staff Reports / Comments | All |

Item 10 – Future Agenda Items

Kuhn

Item 11 – Adjournment

Kuhn

The Board will adjourn to a Regular Board Meeting on Wednesday, December 6, 2017.

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

Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above agenda 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.