

Regular Meeting of the Board of Directors

9751 Merced Falls Road
March 19, 2018 at 1:00 p.m.

Mission Statement: *The Lake Don Pedro CSD is dedicated to providing our customers with ample quantities of high quality water meeting all standards, in a fiscally responsible manner.*

AGENDA

1. **CALL TO ORDER:** Presiding Officer: Establish Quorum, Pledge of Allegiance:
2. **PUBLIC COMMENT:**
Any person may address the Board at this time on any matter within the jurisdiction of the Board that is NOT ON THE AGENDA. A maximum of three minutes is allowed each person and a maximum of 20 minutes per topic. Any person wishing to address the Board on an item ON THE AGENDA will be given the opportunity at that time. Speakers are encouraged to consult District Management or Directors prior to agenda preparation regarding any District matters, as no action will be taken on non-agenda issues.
3. **PRESENTATION ONLY:**
 - a. Presiding Officer's Report
 - b. General Manager's Report: Peter J. Kampa
 - c. Chief Plant Operator's Report: R. Gilgo
4. **APPROVAL OF CONSENT AGENDA:** The following items may all be approved in one motion or considered separately as determined appropriate by the President
 - a. Read and file the February 2018 Treasurer's Report
 - b. Approval of the Minutes of the Special Meeting of February 21, 2018
5. **DISCUSSION AND ACTION ITEMS**
 - a. Review and acceptance of the 2016/17 annual audit
 - b. Consideration of request from internet service provider Cal.net for use of Arbolada Tank property for an additional wireless internet antenna
 - c. Discussion and action related to system water loss, loss reports, customer and system master meter accuracy and related actions/implications
 - d. Discussion and action related to Notice of Intent to submit an application for federal Hazard Mitigation Grant funding for the purchase and installation of fuel-powered generators to operate critical pumps during power outages
 - e. Adoption of a resolution amending the District Investment Policy
6. **ADJOURNMENT:**

Meeting agendas and written materials supporting agenda items, if produced, can be received by the public for free in advance of the meeting by any of the following options:

- A paper copy viewed at the District office, 9751 Merced Falls Rd., La Grange, CA 95329 during business hours or mailed pursuant to a written request and payment of associated mailing fees
- An electronic copy received by email. Note - a form requesting email delivery of agendas and/or meeting materials must be completed a minimum of one week in advance of the meeting
- Viewed on the Board page of the District's website
- A limited number of copies of agenda materials will also be available at the meeting

Americans with Disabilities Act Compliance: If you require special assistance to participate in Board Meetings, please contact the LDPCSD Board Secretary at (209) 852-2251 Ext. 2. Advance notification will enable the District to make reasonable arrangements to insure accessibility.



Lake Don Pedro Community Services District
General Manager's Report
March 2018

1 Report Overview

We are pleased to present this report briefly covering the activities of district management over the past month. The majority of time and effort was spent in review and coordination of the emergency barge project design and evaluating potential grant funding sources, evaluating malfunctioning meters, planning the service line replacement and effluent meter installation projects, coordinating and informing a potential grant request for emergency generators, and meeting/preparing documentation for the final DWR Bond Law reimbursement request.

2 Management and Administration

- **State Water Board Violation Notice** –The requested map layers have been submitted to the state are currently under review. To date, we have not received response from the State Water Board staff.
- **Hazard Mitigation Grant Notice of Intent**– Tuolumne County Supervisor John Gray made us aware of the release of federal hazard mitigation grants, as a result of the major fires last fall in the north Bay Area. Management has developed a proposal to purchase and install generators at our major pumping facilities to allow us to keep tanks full in the event of an extended power outage. Since our recently submitted Hazard Mitigation Plan has not yet been approved by FEMA, we are only allowed to apply for these funds through the county. Tuolumne County has offered to submit a Notice of Intent on our behalf to the federal hazard mitigation grant program in the amount of \$500,000 in funding for five generators.
- **Incorrect Government Code Section Used on 2-21-18 agenda** - We received a public comment at the February board meeting regarding the California Government Code section (citation) used on the Closed Session agenda. Management has confirmed that Code Section 54956.95 was incorrectly used, which should have been Code Section 54954.5.
- **DWR Bond Law Grant Award** –As previously discussed, we have finally received a grant agreement in the amount of \$400,000 from the Department of Water Resources, to be used for replacement of water service lines in Mariposa County.

3 Water Service

- **Automated Meters** – We continue to work diligently with the meter transmitter representative to resolve the sporadically malfunctioning meters.

- **Water Loss Report** – Attached you will find the system water loss report for February 2018. As shown, unaccounted for water continues to total very high at 38%. We believe this to be a combination of:
 - Lost water due to the identified service line leaks
 - Under registering of customer meter transmitters
 - Inaccurate effluent meter readings using a damaged meter that has not been serviced or tested in a decade

As will be discussed as an agenda item in this meeting, we are working on all fronts to address this problem.

- **Outside Place of Use and Well Operation**—During the month of February, we operated Ranchito Well #2, pumping 9.86-acre feet to the treatment plant. The total consumption by OPU customers was 0.68 acre feet. For reporting purposes, we are including all parcels previously included in the OPU report, plus the parcels we have recently unidentified as likely outside the POU, but not previously included in monthly reports. Using this method of reporting, until the state provides an POU boundary decision, we will be reporting the potential maximum number of properties that the state could determine as located outside the POU.

4 Infrastructure Capital Improvement Projects

This month the new 8-inch water main from El Prado to the Dollar General store was completed, along with the reinstallation of a previously damaged (and removed) hydrant on Las Palmas Way. Also, a long broken fire hydrant on Hormiga Way was replaced.

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
Water Audit

Water Distribution System:																			
	Date (m/d/y/yr)	Plant Eff Meter Reading (ccf)	(A) Plant Eff Meter Corrected (ccf)	Central Tank Level (feet)	(B) Central Tank Volume (cu. ft.)	Enebro Tank Level (feet)	(C) Enebro Tank Volume (cu. ft.)	Alamo Tank Level (feet)	(D) Alamo Tank Volume (cu. ft.)	Coronado Tank Level (feet)	(E) Coronado Tank Volume (cu. ft.)	Lazo Tank Level (feet)	(F) Lazo Tank Volume (cu. ft.)	Aroblada Tank Level (feet)	(G) Arbolada Tank Volume (cu. ft.)	Sturtevant Tank Level (feet)	(H) Sturtevant Tank Volume (cu. ft.)	Customer Meters Total Readings (ccf)	(I) Customer Meters Corrected (ccf)
Current	02/27/18	247,043	247,043	13.40	113,831	37.60	32,159.23	10.60	40,793.58	24.80	54,713.35	15.00	8,588.33	13.60	30,004.09	21.20	46,771.09	7,278	7,278
Last:	01/30/18	237,992	237,992	28	238,706	41	35,067.24	10	38,869.36	24	51,845.31	13	7,443.22	23	51,624.69	22	48,536.04	7,481	7,481
Difference:			9,051	-14.70	-124,874.54	-3.40	-2,908.02	0.50	1,924.23	1.30	2,868.04	2.00	1,145.11	-9.80	-21,620.60	-0.80	-1,764.95		-203
Other metered and unmetered uses (J):																			
Item	**Method Measured		Quantity (ccf)																
Fire fighting																			
Other hydrant usage																			
Main flushing																			
Bulk water sales																			
Repaired leaks																			
Water quality testing																			
Tank drainage or overflow																			
Other:																			
Other:																			
Other:																			
Other:																			
Total (ccf): (G)			0																
Totals for Zone:																			
Flows into System (A):				9,051.00 (ccf)															
Change in Storage (B+C+D+E+F+G+H)				-1,452.31 (ccf)															
Flows Out of Zone (I+J):				7,278 (ccf)															
Real and Apparent Water Loss:			3,225 CCF =		7.40 AC-FT		for period:		01/30/18 through		02/27/18		System Loss, %		36%				

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT

OPERATIONS MANAGER REPORT

Board of Directors Meeting
Monday, March 19th 2018

Treatment Operations – The treatment plant continues to operate in proper condition with the exception of the electrical issue that we are still experiencing with pump #1 control problem due to fire damage to electrical panel. This matter is of slight importance so I will have a contractor scheduled in the immediate future to try to diagnose this issue and provide a solution and price to get the panel back to 100 percent.

Plant Maintenance –Maintenance included daily cleaning and calibrating of all our process analysis equipment and chemical injection pump maintenance. As I mentioned last month, after completion of basin, staff installed a 4 inch pipe into the sump of the basin so we can attach a bigger pump to the deepest part of the basin to aid in and speed up the dewatering and cleaning process as this process is done manually due to the fact that there is no drain valve for the basin. I was given approval to purchase a 4 inch trash/dewatering pump which has been ordered along with the necessary hoses and adaptors which came to an approximate cost of \$3300. This piece of equipment will be primarily used for the above mentioned plant maintenance but can also be moved to the field in the event of an emergency and or leak requiring larger water removal. In addition, I have contacted and scheduled ERS Industrial Services for a filter surveillance inspection on our newly renovated filters for the week of March 26th at a cost of \$5803.20. This will include visual inspection of interior surfaces, surface wash manifolds and media for mud balls and short-circuiting and also core samples of media to determine if addition of media is needed. A copy of the contract and provided services are included in this report.

Water Distribution System - In the distribution system, staff performed site inspections for all facilities and conducted manual reading of all remote tank/pump site meters and gauges. The replacement of the hydrant that was hit on Las Moras has been completed along with the upgrade and installation of an 8 inch water main to the Dollar General site and installation of a hydrant that was removed years ago after it was hit by a truck on Las Palmas. Pete and I have discussed and agreed that all of the fire hydrants in commercial and school zones need to be protected with the installation of bollards to reduce the likelihood of damage to hydrants from vehicles. Materials for this have been ordered and installation should be started in the next coming weeks. Also, a representative from the meter company has been on site and spent a day with Jose troubleshooting our meter misread problems. With the help from Syndie along with Jose manually reading about 30 random meters a list was created consisting of 44 of the reoccurring problem meters and meters found not registering. Jose has spent a majority of his time this month replacing/reprogramming meters and transmitters and at the time of this report, there are 9 remaining meters/transmitters to be replaced and or reprogrammed. This subject is open to further discussion.

Customer Service - In customer service, staffs remaining available time was spent responding to customer service requests and work orders that included meter lock offs and unlocks, meter read requests, meter install or removals and leak identification.

Barge/Float pump – The barge renovation is ongoing and the major modification construction should begin in the next week or so. As of now all construction plans and details are being overlooked and approved by the engineer (Kennedy Jenks) and Twin Lakes Management. Once all plans are agreed upon and approved by both parties construction will begin. As mentioned in my last report, the two motors were separated from the pumps and sent into shop for testing and service. Both motors passed testing and have been completely serviced, redelivered and staged for reinstall after barge construction is completed. The two pumps were removed from the barge and the older of the two (which was seized) has been picked up and taken to Don Pedro Pump in Turlock for repair and rebuild. Once completed the pump will be redelivered and staged for installation along with the newer pump and two motors.

Randy Gilgo
Water Operations Manager/Chief Operator
Lake Don Pedro C.S.D.



February 23, 2018

Mr. Randy Gilgo
Lake Don Pedro CSD
9751 Merced Falls Road
La Grange, CA. 95329

QUOTE #:022318-1Q
Email:randy@ldpcsd.org

RE: FILTER SURVEILLANCE

Dear Randy:

Per our recent meeting, ERS is pleased to submit its proposal to provide Filter Surveillance on 2 each 8' x 30' 2 cell Horizontal Pressure Vessels.

Please review the attached list of services included in our Filter Surveillance Service

PRICING: Filter Surveillance on 2 each 8' x 30' 2 Cell Filters \$5,803.20

Quote Valid for 45 Days

Our time and materials work is billed at \$175.00 per man-hour, straight time, plus materials with a 25% margin. Price includes all applicable sales tax.

Please feel free to call me should you need further information or any clarification. My cell phone is (510) 552-5301; office is (510) 770-0202.

Sincerely,

Rick D.
Langlois
Rick D. Langlois
Vice President Sales

Digitally signed by Rick
D. Langlois
Date: 2018.02.23
05:19:40 -08'00'

PLEASE PROVIDE THE FOLLOWING INFORMATION:

- Is this project subject to Prevailing Wage?
 Yes No
- Is this project deemed "public work" and therefore subject to the DIR's rules and regulations?
 Yes No

If the answer is "Yes" to either of the previous questions, please cross out the paragraph at the end of this document (by highlighting and pressing "delete") and provide the Prevailing Wage Determination(s) to be used on this project:

laborer

painter

If the answers are "No" please mark as such and refer to the paragraph at the end of this document.

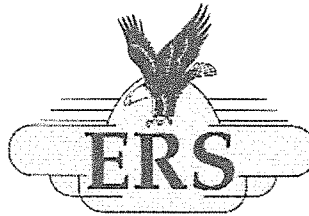
By signing below, I certify all information is true and correct to the best of my knowledge.

Authorized Representative - Name & Signature

OPERATIONS MANAGER
Title

3-16-18
Date

(hereinafter "Contracting Party") has represented in writing and to ERS and does hereby reaffirm in writing to ERS (hereinafter "Contractor") that neither the project which is the subject matter of this Agreement nor the requested work to be performed on the project by Contractor are "public work" as defined by federal law, Chapter 1, Part 7 of Division 2 of the California Labor Code (governing "Public Works and Public Agencies"), or any other federal, state or local statute, ordinance, regulation, or administrative and/or judicial decision. Based on the foregoing representation, Contractor has calculated its bid for the subject project based on certain wage rates and benefits. Contracting Party will specifically verify, prior to allowing Contractor to submit a proposal on the project or work to be performed on the project, that project is not deemed to be a public works project and that there are no requirements for prevailing wages or other unique bid requirements. In the event that Contracting Party has made any misrepresentation regarding the foregoing whether intentionally or negligently, Contracting Party specifically agrees to indemnify, reimburse, and hold Contractor harmless from and against any and all claims, penalties, fines or assessments that may arise from Contracting Party's failure to properly report and describe the project to Contractor. Contracting Party shall reimburse any and all attorney's fees and all costs associated with defending or enforcing this projection to Contractor.



INDUSTRIAL SERVICES, INC.

PRESSURE VESSEL/TANK INSPECTIONS

ERS Industrial Services, Inc. offers customers a complete inspection program for pressure vessels.

The ERS Program consists of the following procedures:

1. Opening of vessel with gasket and hatch inspections
2. Visual inspection of vessel interior and coating
3. Visual inspection of surface wash systems (if applicable)
4. Visual inspection of media for mounding and any holes that may indicate an underdrain problem
5. Check freeboard measurements
6. Check media depths
7. Check interface layer between filter medias
8. Remove samples and perform sieve analysis of filter media
9. Provide customer with a complete report on the findings of the inspection

Customer to provide the following:

1. Drain off first vessel to be inspected prior to ERS's arrival
2. Plant Operator on site to perform operational functions as required
3. Provide drawing(s) of filter(s) for inspection (including filter bed design) to ERS prior to arrival at the job site
4. Allow ERS access to as many off line vessels as possible and indicate that number when we are quoting to perform the inspection

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT

Treasurer's Report

Reporting Period: February 2018

The district ended the month of February 2018 with the following balances in our accounts:

* All bank accounts verified against bank statements

Restricted:		
Investment - LAIF	\$	165,055
Total Restricted:		<u>\$ 165,055</u>
Unrestricted:		
Checking	\$	73,555
Money Market - Working Capital	\$	856,285
Petty Cash	\$	<u>125</u>
Total Unrestricted:		<u>\$ 929,965</u>
Total Restricted & Unrestricted:		<u>\$ 1,095,020</u>

The district ended February 2018 with the following amounts affecting our financial status:

	Feb-2018	Year to Date
Sales & Business Revenue:	\$ 108,423	\$ 977,536
Total Operating Expenses:	\$ (90,113)	\$ (667,953)
Non-Operating Income/Expense:	\$ (13,539)	\$ (110,406)
Water Drought Income/Expense:	\$ (8,550)	\$ 227,901
Change in Net Assets (P&L):	\$ (3,779)	\$ 427,078
Net Cash Flow:	\$ (9,396)	\$ 321,866

Accounts Receivable:

Billing Time Frame	Utility Billing	Availability Billing	A/R Other	A/R Accrue	A/R Water IRWMP	A/R Water USDA
Current	\$ 32,660	\$ -	\$ -	\$ 93,818	\$ -	\$ -
> 30 Days	\$ 9,943	\$ -	\$ 51	\$ -	\$ -	\$ -
> 60 Days	\$ 3,178	\$ -	\$ -	\$ -	\$ -	\$ -
> 90 Days	\$ 1,088	\$ -	\$ -	\$ -	\$ -	\$ -
> 120 Days	\$ 8,371	\$ 187,128	\$ 5,241	\$ -	\$ -	\$ -
Credits	\$ (15,607)					
Total	\$ 39,633	\$ 187,128	\$ 5,292	\$ 93,818	\$ -	\$ -
Total Combined	\$ 320,579		\$ 5,292			\$ -
G/L Balance	\$ 320,579		\$ 5,292			\$ -
Difference	\$ -		\$ -			\$ -

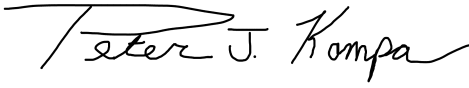
* Amount of availability payments received: \$100,006

* Amount of availability payments outstanding: \$87,122

Accounts Payables:

Payable Time Frame	A/P Trade	A/P Accruals	A/P Water Accrual
Current	\$ 25,877	\$ -	\$ 3,517
> 30 Days	\$ -	\$ -	\$ 6,280
> 60 Days	\$ -	\$ -	\$ -
> 90 Days	\$ -	\$ -	\$ -
Credits	\$ -	\$ -	\$ -
Total	\$ 25,877	\$ -	\$ 9,797
G/L Balance	\$ 25,877	\$ -	\$ 9,797
Difference	\$0	\$0	\$0

“ I certify that the District investments have been made in accordance with the Investment Policy. I further certify that the District has adequate revenue to cover its operating expenses for the next six months, in accordance with California Government Code Sections 53646 (b) (2) and (3) respectively”.



General Manager 3-19-18

Name

Title

Date

Statement of Revenues and Expenses (P&L)
February 2018 & Year-To-Date Versus 6/30/18 Approved Final Budget

		Feb-18	February vs Budget %	2017-2018 YTD	YTD vs Budget %	2017-2018 Approved Final Budget	Remaining Budget
Revenue							
01-0-3010-301	Meter Reconnection Fee	-	#DIV/0!	200	#DIV/0!	-	(200)
01-0-3010-302	Donated Capital - Meters Curre	-	#DIV/0!	10,000	#DIV/0!	-	(10,000)
01-0-4010-400	Water Sales Residential	12,980	4.89%	210,766	79.40%	265,457	54,691
01-0-4010-402	Water Availability Revenue	15,594	8.32%	124,684	66.52%	187,443	62,760
01-0-4010-403	Water Service Charges	79,299	8.37%	634,180	66.94%	947,359	313,179
01-0-4020-410	Interest Income - LAIF	-	0.00%	1,321	103.92%	1,271	(50)
01-0-4020-413	Int Inc Penalties - Customer	2,043	8.59%	18,811	79.10%	23,781	4,970
01-0-4020-414	Transfer Fee Income	550	8.48%	5,050	77.82%	6,489	1,439
01-0-4020-415	Other Income	810	24.40%	3,788	114.14%	3,319	(469)
01-0-4020-416	Meter Set Fee	-	0.00%	1,000	12.21%	8,190	7,190
01-0-4020-417	Interest Income Guaranty Fed	-	0.00%	-	0.00%	11	11
01-0-4020-901	Hydrant Rental	-	0.00%	41	40.59%	101	60
01-0-4020-902	Hydrant Consumption	-	0.00%	9	15.16%	62	53
01-0-4020-999	Avail Fee Income	-	0.00%	1,607	87.79%	1,830	224
01-0-4040-100	Lease Fee	2,700	12.50%	15,600	72.22%	21,600	6,000
01-0-4050-575	Office Fire Reimbursement	-	0.00%	-	0.00%	32,000	32,000
TBD	Connection/Capacity Fees					30,000	
TBD	Transfer From Reserve					-	
TOTAL REVENUE		113,976	7.45%	1,027,057	67.18%	1,528,914	501,857
Expenses							
01-1-5010-100	Regular Pay - Plant	7,108	4.78%	46,103	31.01%	148,660	102,557
01-1-5010-101	Overtime Pay	1,033	6.87%	10,217	67.93%	15,040	4,823
01-1-5010-102	Sick Pay	318	5.75%	1,886	34.02%	5,543	3,657
01-1-5010-104	Vacation Pay	511	6.82%	3,399	45.33%	7,498	4,099
01-1-5010-105	Holiday Pay	771	11.74%	3,003	45.72%	6,568	3,565
01-1-5010-200	PERS	657	6.80%	4,302	44.52%	9,665	5,363
01-1-5010-201	FICA/Medicare	717	5.36%	5,398	40.38%	13,367	7,969
01-1-5010-202	SUI	33	1.81%	868	47.96%	1,810	942
01-1-5010-203	Health Insurance	3,699	7.80%	35,971	75.86%	47,419	11,448
01-1-5010-204	Workers Compensation	484	9.03%	3,836	71.51%	5,364	1,528
01-1-5010-206	Dental Insurance	240	#DIV/0!	2,240	#DIV/0!	-	(2,240)
01-1-5010-207	Vision Care	-	#DIV/0!	-	#DIV/0!	-	-
01-1-5010-546	Travel, Meetings & Mileage	-	0.00%	-	0.00%	1,000	1,000
01-1-5020-501	Lease Of Equipment	-	#DIV/0!	510	#DIV/0!	-	(510)
01-1-5020-510	Repair & Maintenance - Plant	1,007	5.59%	3,436	19.09%	18,000	14,564
01-1-5020-511	Repair & Maintenance - Vehicle	2,946	23.75%	9,181	74.02%	12,404	3,223
01-1-5020-512	Repair & Maintenance - Distribution	2,583	6.73%	23,869	62.16%	38,397	14,528
01-1-5020-515	R&M Transmission - Intake	-	0.00%	-	0.00%	23,030	23,030
01-1-5020-520	Small Tools & Equipment	1,097	54.87%	1,661	83.04%	2,000	339
01-1-5020-522	Gas, Oil & Lubricant - Plant	648	6.01%	7,548	69.99%	10,784	3,236
01-1-5020-524	Health & Safety	468	8.00%	4,323	73.88%	5,852	1,529
01-1-5020-529	Telephone - T & D	407	6.17%	4,543	68.78%	6,606	2,063
01-1-5020-544	Water Testing Fees	645	3.39%	8,390	44.16%	18,999	10,609
01-1-5020-545	Water System Fees	-	0.00%	8,033	163.84%	4,903	(3,130)
01-1-5020-548	Water Testing Materials	-	0.00%	2,591	129.53%	2,000	(591)
01-1-5021-521	Water Treatment Chemicals	-	0.00%	27,451	51.69%	53,106	25,655
01-1-5021-524	P G & E Power - Office	175	5.50%	1,739	54.79%	3,175	1,436
01-1-5021-525	P G & E Power - Intake	3,276	4.42%	44,375	59.91%	74,073	29,698
01-1-5021-526	P G & E Power - Well	24	0.79%	180	6.00%	3,000	2,820
01-1-5021-527	P G & E Power - Water Treatment	1,572	5.75%	23,126	84.66%	27,317	4,191
01-1-5021-528	P G & E Power - Distribution	1,658	6.54%	21,439	84.54%	25,360	3,921
01-1-5021-529	P G & E Power - Well 2	1,017	33.91%	8,937	297.90%	3,000	(5,937)
01-1-5021-530	P G & E Power - Medina	117	3.90%	531	17.72%	3,000	2,469
01-1-5021-532	P G & E Power - Well 5/6	117	3.90%	531	17.71%	3,000	2,469
01-1-5021-561	Purchased Water Actual-mid-p	3,517	5.64%	48,969	78.56%	62,332	13,363
01-1-5023-533	Outside Services	20,503	290.21%	21,780	308.29%	7,065	(14,715)
01-1-5023-535	Fire Protection/Weed Control	-	0.00%	-	0.00%	2,500	2,500
01-1-5023-537	Pest Control	32	7.94%	256	63.52%	403	147
01-1-5023-538	Engineering Services	403	1.64%	3,833	15.60%	24,561	20,729

	Feb-18	February vs Budget %	2017-2018 YTD	YTD vs Budget %	2017-2018 Approved Final Budget	Remaining Budget	
01-1-5023-539	Employee Education	-	0.00%	120	5.98%	2,000	1,880
01-1-5024-540	Memberships	-	0.00%	264	63.94%	413	149
01-1-5024-542	Publications	-	0.00%	490	860.04%	57	(433)
01-1-5024-543	Licenses, Permits & Cert.	-	0.00%	463	75.16%	616	153
01-1-5032-583	Depreciation Expense	13,281	7.77%	113,536	66.45%	170,855	57,319
01-2-6010-100	Regular Pay - Administration	6,459	7.24%	55,417	62.08%	89,262	33,845
01-2-6010-101	Overtime Pay	37	1.00%	1,846	49.99%	3,692	1,846
01-2-6010-102	Sick Pay	272	4.63%	4,171	71.09%	5,867	1,696
01-2-6010-104	Vacation Pay	459	7.18%	4,724	73.89%	6,394	1,670
01-2-6010-105	Holiday Pay	574	13.47%	3,243	76.07%	4,263	1,020
01-2-6010-200	PERS	471	8.13%	4,181	72.13%	5,797	1,616
01-2-6010-201	FICA/Medicare	573	7.30%	5,494	69.98%	7,851	2,357
01-2-6010-202	SUI	86	7.02%	1,074	88.17%	1,218	144
01-2-6010-203	Health Insurance	1,936	8.76%	15,074	68.19%	22,106	7,032
01-2-6010-204	Workers Compensation	48	9.02%	383	72.18%	531	148
01-2-6010-206	Dental Insurance	159	7.94%	1,113	55.45%	2,007	894
01-2-6010-207	Vision Care	-	#DIV/0!	100	#DIV/0!	-	(100)
01-2-6010-546	Travel, Meetings & Mileage	-	0.00%	39	3.24%	1,200	1,161
01-2-6020-512	Propane	477	67.88%	543	77.27%	703	160
01-2-6020-515	Customer Billing Supplies	-	0.00%	1,323	71.43%	1,852	529
01-2-6020-529	Telephone - Admin	300	7.75%	2,423	62.64%	3,868	1,445
01-2-6020-530	Office Supplies	176	6.78%	1,639	63.15%	2,595	956
01-2-6020-531	Postage	669	9.36%	6,198	86.72%	7,147	949
01-2-6023-531	Computer IT	1,521	4.85%	26,233	83.57%	31,390	5,158
01-2-6023-533	Outside Services	10,100	9.12%	83,097	75.04%	110,734	27,637
01-2-6023-534	Temporary Outside Labor	-	0.00%	-	0.00%	3,000	3,000
01-2-6023-535	Office Cleaning Serv	40	2.21%	1,020	56.24%	1,814	794
01-2-6023-536	Legal Services	3,412	50.91%	8,122	121.19%	6,702	(1,420)
01-2-6023-537	Audit Services	-	0.00%	7,000	79.37%	8,820	1,820
01-2-6023-539	Employee Education	-	0.00%	-	0.00%	1,237	1,237
01-2-6024-540	Memberships	383	6.07%	5,085	80.59%	6,310	1,225
01-2-6024-542	Publications	-	0.00%	2,490	179.71%	1,386	(1,104)
01-2-6024-547	County Fees	-	0.00%	80	12.55%	638	558
01-2-6024-999	County Avail Fee	-	0.00%	1,615	87.80%	1,840	225
01-3-6025-100	Regular Pay	500	7.94%	3,700	58.73%	6,300	2,600
01-3-6025-201	FICA/Medicare	38	7.94%	283	58.78%	482	198
01-3-6025-546	Travel, Meetings & Mileage	-	0.00%	-	0.00%	2,000	2,000
01-9-6030-546	Travel, Meetings & Mileage	600	37.50%	600	37.50%	1,600	1,000
01-9-6030-569	Credit Card Service Charges	554	10.35%	3,994	74.56%	5,357	1,362
01-9-6030-572	Business Insurance Expense	2,482	6.12%	19,858	49.00%	40,529	20,670
01-9-6030-576	Misc Other Expense	14	0.26%	167	3.15%	5,300	5,133
01-9-6030-577	Retired Employee Health	2,252	8.98%	17,446	69.61%	25,063	7,617
01-9-6030-580	Retired EE Benefit Expense	-	0.00%	-	0.00%	148,142	148,142
01-9-6031-580	Interest Long Term Debt	3,530	7.28%	28,639	59.04%	48,505	19,865
01-9-6032-583	Depreciation Expense	16	0.64%	139	5.57%	2,500	2,360
01-9-6035-575	Office Fire Recovery	-	#DIV/0!	-	#DIV/0!	-	-
TOTAL EXPENSES		109,205	7.30%	827,879	55.31%	1,496,738	668,859

	Feb-18	February vs Budget %	2017-2018 YTD	YTD vs Budget %	2017-2018 Approved Final Budget	Remaining Budget
CAPITAL IMPROVEMENT PROJECTS (IN PROGRESS)						
01-1-5020-535	Water Supply Emergency 2014	-	#DIV/0!	-	#DIV/0!	-
01-9-6030-584	Well 2	-	#DIV/0!	64	#DIV/0!	(64)
01-9-6030-585	Medina Well	-	0.00%	64	0.13%	50,000
01-9-6030-586	Well 3/4	-	#DIV/0!	-	#DIV/0!	-
01-9-6030-587	Well 5	125	0.25%	44,839	89.68%	50,000
01-9-6030-588	Well 6	-	#DIV/0!	235	#DIV/0!	(235)
01-0-1090-315	Intake Booster #2 Installation	-	0.00%	120,995	161.33%	75,000
01-0-1090-314	CIP-Barge Renovation	13,504	45.01%	20,359	67.86%	30,000
TBD	Springbrook Update	-	0.00%	-	0.00%	30,000
01-0-1090-305	Ranchito Well #1 Renovation	-	0.00%	-	0.00%	10,000
01-9-6030-591	IRWMP Service Lines	-	0.00%	110,888	18.32%	605,249
01-9-6030-592	IRWMP Administrative Expenses	470	2.35%	6,473	32.36%	20,000
01-9-6030-593	IRWMP Water Use Efficiency	7,955	4.83%	51,300	31.16%	164,635
TOTAL CIP IN PROGRESS		22,054	2.13%	355,216	34.32%	1,034,884
CARRYOVER PROJECT (GRANT) REVENUE						
01-0-4020-428	USDA Grant	-	0.00%	324,641	104.72%	310,000
TBD	DWR Grant	-	-	-	-	86,520
01-0-4020-425	IRWMP Service Line Replacement	-	0.00%	107,908	18.77%	574,987
01-0-4020-427	IRWMP Regional Water Use Efficiency	-	0.00%	28,989	18.54%	156,403
01-0-4020-426	IRWMP Grant Administration	-	0.00%	4,392	21.96%	20,000
TOTAL CARRYOVER PROJECT REVENUE		-	0.00%	465,930	40.59%	1,147,910
NEW CAPITAL PURCHASES / IMPROVEMENTS						
TBD	Replacement Truck (2003 Chevy)	-	0.00%	-	0.00%	32,000
TBD	Replacement Truck (2005 Chevy)	-	0.00%	-	0.00%	40,000
TBD	Tablets for System Maintenance	-	0.00%	-	0.00%	5,000
TBD	Effluent Meter Replacement (Plant)	-	0.00%	-	0.00%	40,000
TBD	Replacement Flocculator Gear Drives	-	0.00%	-	0.00%	12,000
TBD	Horniga Water Line Replacement	-	0.00%	-	0.00%	60,000
TBD	Portable Generator	-	0.00%	-	0.00%	6,000
TOTAL NEW CAPITAL PURCHASES/IMPROVEMENTS		-	0.00%	-	0.00%	195,000
PROJECT PLANNING, DESIGN AND STUDIES						
TBD	CIP Development	-	-	-	-	40,000
TBD	Connection Fee Study	-	-	-	-	15,000
01-9-6030-594	Grant Application Services	-	0.00%	15,723	52.41%	30,000
01-9-6030-594	District Map Digitizing and Updates	-	0.00%	8,445	56.30%	15,000
TBD	Planning Study re Lake McClure	-	-	-	-	50,000
TOTAL PLANNING, DESIGN AND STUDIES		-	0.00%	24,168	16.11%	150,000

LDPSCD Financials**Statement of Net Assets (Balance Sheet)
for the month ending February 2018****Asset :**

Cash and investments	\$	1,095,020
Restricted cash	\$	-
Accts Receivable net of res	\$	163,067
Water Drought Receivable	\$	-
Inventory	\$	69,931
Prpd expense & deposits	\$	20,835
Deferred Outflow of Resources	\$	54,459
Total current assets	\$	1,403,312

Property, plant & equipment	\$	11,292,520
less depreciation	\$	(6,942,107)
C I P	\$	433,764
Net P P & E	\$	4,784,177

Other L T Assets

Total Assets \$ **6,187,489**

Liabilites:

Accounts payable	\$	25,877
Interest payable	\$	19,410
Water Accrual	\$	9,797
Accrued Payroll	\$	50,422
A/P Accrued Payables	\$	5,295
L T debt, current	\$	77,587
Total current liab	\$	188,388

L T debt		
Post Retirement Benefit	\$	1,049,179
Net Pension Liability	\$	188,104
Deferred Inflow of Resources	\$	69,728
Muni Loan	\$	855,913
less current above	\$	(77,587)

Total Liabilites \$ **2,273,725**

Net assets \$ **3,913,764**

Total liab & net ass't \$ **6,187,489**

<u>Vendor</u>	<u>Check Amount</u>
000012 AQUA LAB	645.00
000025 CHEMCO PRODUCTS COMPANY	5,137.35
0000303 Kennedy/Jenks Consultants	13,418.75
000047 LAWSON & SON BACKHOE & GRADIN	1,290.00
000065 KKI CORPORATION	375.00
000067 GENERAL PLUMBING SUPPLY CO., I	800.19
000076 USPS	460.76
000091 VALERO MARKETING & SUPPLY	648.20
000099 CYNTHIA MARCHESIELLO	38.88
0001013 BLOMBERG & GRIFFIN	7,000.00
000105 PACIFIC GAS & ELECTRIC	7,737.01
000106 BINKLEY ASSOCIATES, INC	402.50
000118 D & D PEST CONTROL *	32.00
000165 ACWA/JPIA	7,887.14
000176 MARIPOSA CO. PUBLIC WORKS	140.00
000203 GRISWOLD, LaSALLE, COBB, DOWD	1,123.20
0002321 STREAMLINE	400.00
0003221 KAMPA COMMUNITY SOLUTIONS LLC	6,250.00
000383 BUSINESS CARD	587.61
000550 LUIS'S HOUSEKEEPING / YARDS	140.00
000567 GENERAL AIR COMPRESSORS NORTH	526.86
000583 COPY KING	394.03
000623 MOUNTAIN ALARM INC	468.00
000635 Contractor Compliance And Monitoring Inc	125.00
00071 Mother Lode Answering Service	285.00
0007349 Recology Mariposa	253.44
000746 Mariposa Co. Resource Conservation Distr	8,424.81
004779 California CAD Solutions	20,250.00
100987 Twin Lakes Management Co.	85.00
660108 VERIZON WIRELESS	254.40
702 Warmerdam CPA Group	2,500.00
UB*10581 IAN VALDEZ	142.50
UB*10582 ROBERT & BECKY CHRISTOPHER	275.00
UB*10583 SONIA VILLALOBOS	127.70
Report Total:	88,625.33

Special Meeting Minutes of the Board of Directors

9751 Merced Falls Road
February 21, 2018 at 1:00 p.m.

1. **CALL TO ORDER:** Presiding Officer: Establish Quorum, Pledge of Allegiance:
The Board of Directors of the Lake Don Pedro Community Services District held a special meeting at 9751 Merced Falls Rd., La Grange, CA 95329.
President Johnson called the meeting to order at 1:00 p.m.
Directors present: Johnson, Hankemeier, Warren, Sperry, and Ross
Director Warren arrived at 1:04 p.m.
Also present: GM P. Kampa
Also present: Staff S. Marchesiello

2. **PUBLIC COMMENT:**
The Board received two public comments by one public member

3. **PRESENTATION ONLY:**
 - a. Presiding Officer's Report
 - b. General Manager's Report: Peter J. Kampa
 - Dollar General Will Serve Letter
 - Status update on budgeted capital improvement projects
 - AT&T Tower Construction and Property Lease
Presented by GM P. Kampa

 - c. Chief Plant Operator's Report: R. Gilgo
Presented by GM P. Kampa

4. **APPROVAL OF CONSENT AGENDA:** The following items may all be approved in one motion or considered separately as determined appropriate by the President
 - a. Read and file the January 2018 Treasurer's Report
 - b. Approval of the Minutes of the Special Meeting of January 17, 2018

Motion: To approve the consent calendar

Votes: Carried 5-0

First: Hankemeier Second: Ross

Ayes: Hankemeier, Ross, Warren, Johnson, and Sperry

Absent:

5. DISCUSSION AND ACTION ITEMS

- a. Presentation of the Resolution of Appreciation to previous director James (Jim) Sult

The 2018-1 Resolution of appreciation was presented to Mr. Sult by President Johnson

- b. Presentation, review and acceptance of the 2016/17 annual audit

The audit was presented by John Blomberg from Blomberg & Griffin Accountancy Corporation. There was a board consensus to postpone the vote of acceptance to a future meeting

- c. Adoption of a resolution adding Nellie Sperry to the District bank accounts and removing James Sult

Motion: To approve the resolution adding Donelda (Nellie) Sperry to the bank signature cards and removing previous director James Sult

Votes: Carried 5-0

First: Ross Second: Warren

Ayes: Ross, Warren, Hankemeier, Johnson, and Sperry

Absent:

- d. Adoption of a Resolution Declaring that Governing Body Members and Volunteers Shall be Deemed to be Employees of the District for the Purpose of Providing Workers' Compensation Coverage for Said Certain Individuals While Providing their Services

Motion: To approve the resolution declaring that governing members shall be deemed to be employees of the District for the purpose of providing worker's compensation coverage for all members of the governing body of LDPCSD while providing their services and excluding volunteers from the resolution

Votes: Carried 5-0

First: Ross Second: Warren

Ayes: Ross, Warren, Hankemeier, Johnson, and Sperry

Absent:

- e. Approval of the attendance of two directors at the Special District Leadership Academy in Seaside, April 15-18, 2018

Motion: To approve the recommended motion to approve two directors to attend the CSDA Leadership Academy conference in Seaside, April 15-18, 2018

Votes: Carried 5-0

First: Hankemeier Second: Ross

Ayes: Hankemeier, Ross, Warren, Johnson, and Sperry

Absent:

- f. Presentation of the completed digital representation of the District infrastructure, boundaries and related data

Closed Open Session: 3:05 p.m.

Time Reconvened: 4:27 p.m.

6. CLOSED SESSION: Public Comment will be taken on the item(s) below prior to the Board convening the Closed Session. Following Closed Session, the Board will reconvene the open session and publicly report any action taken.

- a. PUBLIC EMPLOYEE PERFORMANCE
EVALUATION Government Code Section 54956.95
Title: General Manager

Report Out: *The board reviewed the performance evaluation and a follow up meeting will be scheduled at a later date.*

7. ADJOURNMENT: 4:28 P.M.

Respectfully submitted by,

S. Marchesiello
Board Secretary

Lake Don Pedro Community Services District

Regular Meeting of March 19, 2018

AGENDA SUPPORTING DATA

5. DISCUSSION AND ACTION ITEMS

- a. Review and acceptance of the 2016/17 annual audit

RECOMMENDED ACTION

Staff recommends the following motion:

I move to accept and file the 2016/17 annual audit

SUMMARY

At our Board meeting of February 21, 2018, District Auditor John Blomberg provided an overview of the 2016/17 fiscal year audit, completed by his firm. The purpose of an annual audit is to provide an outside, qualified auditor's evaluation of the District financial statements for compliance with law, accounting standards and district policy. Annual audits are also required by state law. Audits are not typically "approved" by the Board, as they are intended to be an outsider's report on District finances, not a recommendation for a particular Board action.

If the audit report contained negative findings regarding the District's policies, practices, or procedures, including internal controls; it would be typical action of the Board to direct staff to amend policies, procedures or practices, and to provide a response to the auditor. Our 2016/17 audit report contained no such findings of recommendations; so no action is required or requested at this time.

A more appropriate Board practice when receiving a clean audit such as ours, is to simply accept the audit and direct staff to file the audit with the appropriate entities.

FINANCIAL IMPACTS

None

ATTACHMENTS

2016/17 Final Audit

**LAKE DON PEDRO
COMMUNITY SERVICES DISTRICT
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017**

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT

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JUNE 30, 2017

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**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2017

This section of the annual financial report of the Lake Don Pedro Community Services District (District) presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follow this section.

FINANCIAL HIGHLIGHTS

The following summarizes the District's financial highlights for the year ended June 30, 2017.

- Total assets of the District were \$5,813,950 in 2017 and \$5,274,423 in 2016, an increase of \$539,527.
- Total liabilities increased by \$152,461 during the same period.
- Operating revenues increased by \$51,678 during the same period.
- Operating expenses increased by \$27,207.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following basic parts: management's discussion and analysis (this section) of the basic financial statements.

The basic financial statements contained in this report are presented using Governmental Accounting Standard's Board (GASB) accounting principles. These statements provide overall information about The District's financial activities on both a short-term and long-term basis. The statement of net position presents information about its assets (resources) and liabilities (the amount obligated to its creditors). The statements of revenues, expenses, and changes in net position present information about the current year revenues and expenses. The statement also provides useful information for determining whether the District's service revenue and other revenue sources were sufficient to allow the District to recover all of its costs. The final financial statement in this report is the statement of cash flows, which provides information about The District's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where cash came from, what cash was used for, and what was the change in cash balance during the reporting period.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2017

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

FUND FINANCIAL STATEMENTS

Proprietary fund - All of the District's expenses incurred for the provision of Water Services are reported to a proprietary fund, which focuses on measuring the total costs of the service, including depreciation, and primarily recovering those costs through user charges or other revenue sources. This fund is reported using the accrual basis of accounting, which recognizes revenue where earned and expenses when incurred.

NET POSITION

As of June 30, 2017, the District had net position totaling \$3,486,688. Below is a table showing the District's net position at year end with comparative numbers for 2017 and 2016.

TABLE 1: NET POSITION

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Cash and Investments	\$ 773,155	\$ 624,244
Other Assets	322,044	502,499
Capital Assets-Net	<u>4,718,751</u>	<u>4,147,680</u>
 Total Assets	 <u>5,813,950</u>	 <u>5,274,423</u>
 Liabilities		
Loan Payable	893,306	965,406
Other Liabilities	<u>1,433,956</u>	<u>1,209,395</u>
 Total Liabilities	 <u>2,327,262</u>	 <u>2,174,801</u>
 Net Position		
Invested in Capital Assets, Net of Related Debt	3,825,445	3,182,274
Unrestricted (Deficit)	<u>(338,757)</u>	<u>(82,653)</u>
 Total Net Position	 <u>\$ 3,486,688</u>	 <u>\$ 3,099,621</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

NET POSITION (Continued):

The District has invested 109.72% of its total net position in capital assets, which total \$3,825,445, net of related debt.

After stabilizing the District's financial position, we have returned to policy specifications where the LAIF account cannot be accessed without Board approval.

GOVERNMENTAL ACTIVITIES

The District's total revenues exceeded expenses by \$387,067. Total revenues for the year were \$1,991,481. Of this, \$1,464,362 was received from operating revenues, \$1,059 from investment earnings, \$35,000 from miscellaneous sources and \$491,060 from various grants. Prior year's total revenue was \$2,096,197.

Expenses totaled \$1,604,414 attributable to water service. Prior year's expenses were \$1,580,718.

CAPITAL ASSETS

During fiscal year 2017, the District purchased a net amount of \$734,284 in capital assets with District and grant funds. The majority of capital asset additions were drought emergency wells.

TABLE 2: CAPITAL ASSETS

	June 30, 2017	June 30, 2016
Capital Assets		
Land	\$ 157,325	\$ 157,325
Plant and Structures	9,402,967	8,878,826
Equipment and Vehicles	1,697,912	855,792
Construction in Progress	288,978	920,955
Less: Accumulated Depreciation	(6,828,432)	(6,665,219)
Total Capital Assets -Net	\$ 4,718,750	\$ 3,302,658

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

LONG-TERM DEBT

The Water District also had a loan with Municipal Finance Corporation for the Treatment Plant Upgrades with a balance of \$893,306. Payments of principal for 2017 and 2016 totaled \$72,100 and \$68,659, respectively. Interest paid for 2017 and 2016 totaled \$45,856 and \$50,347, respectively.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances of those funds maintained by the District and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lake Don Pedro Community Service District at 9751 Merced Falls Road, La Grange, CA 95329.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Lake Don Pedro Community Services District
La Grange, California

We have audited the accompanying financial statements of governmental activities of Lake Don Pedro Community Services District, as of and for the years 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. The prior year summarized comparative information has been derived from the District's 2016 financial statements which we audited and expressed an unqualified opinion.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of required supplementary information on pages 1 through 4 and page 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2017 on our consideration of the Lake Don Pedro Community Services 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 Lake Don Pedro Community Services District's internal control over financial reporting and compliance.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, California
November 18, 2017

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT

Statement of Net Position - Proprietary Funds

June 30, 2017 and 2016

	Business-Type Activities Enterprise Fund	
	2017	2016
Asset		
Cash And Invesments	\$ 773,155	\$ 624,244
Accounts Receivable	146,715	157,695
Grants Receivable	-	218,926
Prepaid Expense	50,938	48,365
Inventory	69,932	69,932
Land	157,325	157,325
Construction In Progress	288,978	920,955
Fixed Assets	11,100,880	9,734,619
Accumulated Depreciation	(6,828,432)	(6,665,219)
Deferred Outflows of Resources- Pension (Note-6)	54,459	7,580
	5,813,950	5,274,422
Liabilities		
Accounts Payable	61,332	46,004
Interest Payable	12,880	13,930
Accrued Payroll	10,068	3,863
Compensated Absences	35,159	37,285
Post Retirement Benefit Obligation	1,049,179	932,016
Net Pension Liability (Note-6)	195,610	131,415
Loans Payable	893,306	965,406
Deferred Inflows of Resources- Pension (Note-6)	69,728	44,882
	2,327,262	2,174,801
Net Position		
Invested In Capital Assets -		
Net of Related Debt	3,825,445	3,182,274
Unrestricted (Deficit)	(338,757)	(82,653)
	\$ 3,486,688	\$ 3,099,621

See accompanying notes to basic financial statements.

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
Statements of Activities and Changes in Net Position - Proprietary Funds
For the Years Ended June 30, 2017 and 2016

	Business-Type Activities Enterprise Fund	
	2017	2016
Operating Revenues		
Water Sales And Assessments	\$ 1,411,290	\$ 1,351,384
Transfer Connection and Meter Fees	29,549	39,840
Interest and Penalties On Delinquent Accounts	23,523	21,460
	<u>1,464,362</u>	<u>1,412,684</u>
Operating Expenses		
Salaries And Benefits - Plant	277,942	191,013
Salaries And Benefits - Administrative	147,409	107,049
Post Retirement Benefit	141,330	127,742
Supplies And Services - Plant	586,760	690,007
Supplies And Services - Administrative	241,903	249,992
Depreciation	163,214	165,548
	<u>1,558,558</u>	<u>1,531,351</u>
Operating Income (Loss)	<u>(94,196)</u>	<u>(118,667)</u>
Nonoperating Revenues (Expenses)		
Grant Income (Drought Emergency)	491,060	661,775
Investment Earnings	1,059	585
Miscellaneous	35,000	21,153
Interest Expense	(45,856)	(49,367)
	<u>481,263</u>	<u>634,146</u>
Change In Net Position	387,067	515,479
Total Net Position - Beginning	<u>3,099,621</u>	<u>2,584,142</u>
Total Net Position - Ending	<u>\$ 3,486,688</u>	<u>\$ 3,099,621</u>

See accompanying notes to basic financial statements.

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
Statements of Cash Flows - Proprietary Funds
For the Years Ended June 30, 2017 and 2016

	Business-Type Activities	
	Enterprise Fund	
	2017	2016
Cash Flows From Operating Activities		
Receipts From Customers	\$ 1,691,695	\$ 1,405,298
Payments To Suppliers	(840,594)	(1,038,367)
Payments To Employees	(377,069)	(369,032)
Net Cash Provided By (Used In) - Operating Revenues	474,032	(2,101)
Cash Flows From Non- Capital Financing Activities		
Miscellaneous Income	35,000	21,153
Net Cash Provided by (Used In) Non-Capital - Financing Activities	35,000	21,153
Cash Flows From Capital And Related - Financing Activities		
Grants Income	491,060	442,849
Capital Asset	(734,284)	(810,288)
Construction In Progress	-	(200,281)
Principal Payments On Long Term Debt	(72,100)	(68,659)
Interest Paid	(45,856)	(49,367)
Net Cash Provided by (Used In) Capital - And Related Financing Activities	(361,180)	(685,746)
Cash Flows From Investing Activities		
Interest Received	1,059	583
Net Cash Provided by (Used In) Investing Activities	1,059	583
Net Increase (Decrease) In Cash	148,911	(666,111)
Cash and Investments - Beginning	624,244	1,290,355
Cash and Investments - Ending	\$ 773,155	\$ 624,244
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (94,196)	\$ (118,667)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	163,214	165,548
Change in Assets and Liabilities		
Accounts Receivable	229,906	(7,390)
Prepaid Expenses and Other Current Assets	(2,574)	(11,042)
Accounts Payable	15,240	(67,108)
Accrued Expenses and other liabilities	3,117	(64,508)
Retirement Obligations	159,325	101,066
Net Cash Provided by (used for) Operating Activities	\$ 474,032	\$ (2,101)

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Lake Don Pedro Community Services District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the statement include the following:

The financial statements include:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using the full accrual accounting for all of the District's activities, including infrastructure.
- A change in the financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the Districts accounting policies are described below:

A. Financial Reporting Entity

The Lake Don Pedro Community Services District was incorporated in August 1980. The District was formed to supply the inhabitants of the District with water for domestic use, irrigation, sanitation, industrial use, fire protection, and recreation.

The District operates under a Board of Directors form of government. The Board of Directors consists of five members elected at large for overlapping four year terms. The district appoints legal counsel.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The proprietary fund Financial Statements are reported using the economic resources measurement focus and 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: The District reports the following major proprietary funds:

The **Water Fund** accounts for the activities of the District's water service.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Net Position or Equity

1. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District. The District follows the practice of pooling the cash from all funds for investment purposes.

California State statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair value.

2. Receivables and Payables

Billings for water services are sent monthly and are reflected on the accrual basis of accounting. Delinquent accounts are submitted to the Counties of Mariposa and Tuolumne and are attached to the County tax roles.

3. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

4. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of \$2,500 for equipment and \$25,000 for buildings and infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is recorded in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service life using the straight-line method.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Compensated Absences

District employees earn vacation leave, and compensation time. It may be either taken or accumulated with prior approval of the general manager. Vacation is paid upon termination or retirement. Vacation and sick leave may be accumulated without limitation. Sick leave is not paid if an employee quits or is terminated, however, a 100% credit is allowed for eligible employee for longevity of service on retirement. In accordance with generally accepted accounting principles, an accrual for compensated absences is reflected in the accompanying general purpose financial statements.

7. Long-term Debt

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds

8. Net Position & Fund Equity

In proprietary fund financial statements, net position is reported in three categories: net position invested in capital assets, net of related debt; restricted net position and unrestricted net position. Restricted net position represents net position restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments).

All other net position is considered unrestricted.

Proprietary funds contributed capital represents equity acquired through capital grants and capital contributions from developers, customers, or other funds.

9. Use of Estimates

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

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

Prior to June 30th, the proposed budget is presented to the Board of Directors for review. The Board of Directors holds public hearings and may add to, subtract from or change appropriations.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Investments

Cash and investments as of June 30, 2017 and 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position

	2017	2016
Cash and Investments	\$ 773,155	\$ 634,244

Cash and investments as of June 30, 2017 and 2016 consist of the following:

Cash on Hand	\$ 125	\$ 125
Deposits with Financial Institutions	609,296	464,444
Local Agency Investment Fund	163,734	162,675
Total Cash and Investments	\$ 773,155	\$ 627,244

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS
 (Continued)**

Investments Authorized by the District's Investment Policy

The District's investment policy authorizes investment in the local government investment pool administered by the State of California (LAIF). The District's investment policy also authorizes cash to be invested in Certificates of Deposits, Bankers Acceptances, and Passbook Savings Demand Deposits. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

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. As of year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 7.92 months.

		Maturity Date
State Investment Pool	<u>\$ 163,734</u>	7.92 months average maturity
Total	<u><u>\$ 163,734</u></u>	

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS
(Continued)

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, 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.

At June 30, 2017, the District's deposits with financial institutions were covered by Federal Depository Insurance Corporation (FDIC) or the multiple financial institution collateral pool that insures public deposits. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS
(Continued)**

Investment in State Investment Pool

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

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The District deposits deferred compensation plan assets with the California Public Employees Retirement System (PERS). Federal legislation requires that the assets of such plans be held in trust for the exclusive benefit of the plan participants and their beneficiaries. PERS act as the trustees for the plan assets and the District is considered to have limited fiduciary responsibility for the plan assets. As such, the District does not report the deferred compensation plan assets on its financial statements.

B. Accounts Receivable

Receivables at June 30, 2017 and 2016 for the District's water services are sent monthly and are reflected on the accrual basis of accounting. Delinquent accounts are submitted to the Counties of Mariposa and Tuolumne and are attached to the County tax roles. All receivables are expected to be collected within one year.

	Water	
	2017	2016
Business-Type Activities		
Utility Billings	\$ 146,715	\$ 157,695
Total	\$ 146,715	\$ 157,695

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS
(Continued)**

C. Payables And Other Liabilities

Payables at June 30, 2017 and 2016 for the District's individual major funds in the aggregate are as follows:

	<u>2017</u>	<u>2016</u>
Business-Type Activity		
Vendors	\$ 61,332	\$ 46,004
Salaries and Benefits	10,068	3,863
Accrued Compensated Absences	35,159	37,285
Interest Payable	<u>12,880</u>	<u>13,930</u>
 Total	 <u>\$ 119,439</u>	 <u>\$ 101,082</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Depreciation was charged to functions/programs of the primary government as follows:

	<u>Balance 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 2017</u>
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	\$ 157,325	\$ -	\$ -	\$ 157,325
Construction	<u>920,955</u>	<u>-</u>	<u>631,977</u>	<u>288,978</u>
Total Capital Assets not Depreciated	<u>1,078,280</u>	<u>-</u>	<u>631,977</u>	<u>446,303</u>
Capital Assets Depreciated:				
Plant	8,458,807	505,641	-	8,964,448
Equipment	724,282	842,120	-	1,566,402
Structure	420,019	18,500	-	438,519
Vehicles	<u>131,510</u>	<u>-</u>	<u>-</u>	<u>131,510</u>
Total Capital Assets Depreciated	9,734,618	1,366,261	-	11,100,879
Less Accumulated Depreciation	<u>(6,665,219)</u>	<u>(163,214)</u>	<u>-</u>	<u>(6,828,433)</u>
Net Capital Assets Depreciated	<u>3,069,399</u>	<u>1,203,047</u>	<u>-</u>	<u>4,272,446</u>
Total Net Capital Assets - Business-Type Activities	<u>\$ 4,147,679</u>	<u>\$ 1,203,047</u>	<u>\$ 631,977</u>	<u>\$ 4,718,749</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS
(Continued)**

D. Capital Assets (continued)

Depreciation was charged to functions/programs of the primary government as follows:

Business-Type Activity	Water	
	2017	2016
Depreciation Expense	\$ 163,214	\$ 165,548
Total	\$ 163,214	\$ 165,548

E. Long-Term Debt

The District secured financing with board approval on July 17, 2006 in the amount of \$1,500,000 for the improvements for the water treatment plant. Repayment will be made to the Municipal Financial Corporation in semi-annual payments of \$59,503 including interest at 4.95% through 2026. Note is secured by all net revenues.

The annual debt service requirements of the notes payable are as follows:

Year Ending June 30,	Muni	
	Principal	Interest
2018	\$ 75,713	\$ 43,293
2019-2021	250,674	106,345
2022-2026	508,854	86,177
2027	58,065	1,437
Total	\$ 893,306	\$ 237,252

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS
(Continued)**

E. Long-Term Debt (Continued)

The following is a summary of changes in the District's long-term debt and other long-term liabilities during the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
Loans Payable	\$ 965,406	\$ -	\$ (72,100)	\$ 893,306	\$ 75,713
Compensated Absences	<u>37,285</u>	<u>-</u>	<u>(2,126)</u>	<u>35,159</u>	<u>3,728</u>
Total Long-Term Liabilities	<u>\$1,002,691</u>	<u>\$ -</u>	<u>\$ (74,226)</u>	<u>\$ 928,465</u>	<u>\$ 79,441</u>

NOTE 4 - OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined together with other special districts for insurance coverage under Special District Risk Management Authority (SDRMA). The District pays an annual premium to SDRMA for its general insurance coverage.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, and employee health and accident insurance.

B. Commitments and Contingencies

The District is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District that the matters are defensible. In the case that the District does not prevail the potential loss to the District is unknown at this time.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017**

NOTE 4 - OTHER INFORMATION (Continued)

C. Post-Employment Benefits

Lake Don Pedro Community Services District provides lifetime postretirement medical coverage to employees (and their dependents) who retires at age 50 or older with at least five years of service from the District. The District pays a portion of the cost of the benefit, up to a predetermined cap. Retirees are responsible for costs in excess of the cap. The employees of the District also participate in the retiree health plan.

Obligations and Funded Status Change in Benefit Obligation	<u>2017</u>	<u>2016</u>
Benefit Obligation Beginning of Year	\$ 932,016	\$ 830,950
Annual Required Contribution	148,142	139,490
Interest Cost	36,689	32,478
Benefits Paid	(29,563)	(37,986)
Adjustment for NOO	<u>(38,106)</u>	<u>(32,916)</u>
Benefit Obligation End of Year	<u>\$ 1,049,178</u>	<u>\$ 932,016</u>

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 05, 2017 the date which the financial statements were available to be issued.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan

The District provides eligible employee's pension plans benefits through the Lake Don Pedro Community Services District – Miscellaneous Plan (The Plan).

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2016 (the measurement date), the active employee contribution rate is 6.886 percent of annual pay, and the average employer's contribution rate is 7.809 percent of annual payroll and unfunded accrual liability contribution is 2.701 percent. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - Continued

DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. Both the June 30, 2015 total pension liability and the June 30, 2016 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Payroll Growth	3.00%
Individual Salary Growth	A merit scale vaying by duration of employment coupled with an assumed annual growth of 2.75% and an annual production growth of 0.25%.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. 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 results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 - Continued

DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1 % (6.65 %)	Current Discount Rate (7.65 %)	Discount Rate + 1 % (8.65 %)
Unfunded Accrued Liability	\$370,279	\$195,610	\$51,255

PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the fiscal year ended June 30, 2017 and 2016, pension expense recognized is as follows:

	2016	2017
Service Cost	\$ 30,210	\$ 30,843
Interest on Total Pension Liability	88,090	93,069
Changes of Benefits Terms	44	96
Recognize Changes of Assumptions	(5,740)	(5,740)
Recognize difference between Expected and Actual Experience	607	514
Net Plan to Plan Resource Movement	(5,898)	(2,148)
Employee Contributions	(13,888)	(14,484)
Projected Earnings on Pension Plan Investment	(73,178)	(74,811)
Recognize difference between Project and Actual Earnings on Plan Investment	(6,119)	7,810
Administrative Expenses	1,102	608
Pension Expense	15,230	35,757

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 - Continued

DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 25,467
Difference between Expected and Actual Experience	2,075	-
Difference between Projected and Actual Investment	132,545	-
Difference between Employer's Contribution and Proportionate Share of Contribution	2,410	14,747
Changes in Employer's Propotion	4,054	22,803
Pension Contribution Made Subsequent to Measurement Date	14,833	-
	\$ 155,917	\$ 63,017

Amounts reported as deferred outflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows of Resources
2018	(8,922)
2019	(4,125)
2020	56,874
2021	34,331
2022	-
Thereafter	-

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT
Schedule of Required Supplementary Information- Pension Plan
For the Years Ended June 30, 2017 and 2016

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

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.001%	0.00563%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 131,415	\$ 195,610
Plan's Covered-Employee Payroll	\$ 77,723	\$ 165,150
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	55.03%	84.43%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.00%	0.00%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ -	\$ -

Schedule of Plan Contributions

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Actuarially Determined Contribution	\$ 18,621	\$ 21,388
Contributions in Relation to the Actuarially Determined Contribution	<u>(18,621)</u>	<u>(21,388)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 72,723	\$ 165,150
Contributions as a Percentage of Covered-Employee Payroll	25.61%	12.95%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015 as they have minimal cost impact.

Change in Assumptions: None



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

**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***

Governing Board
Lake Don Pedro Community Services District
La Grange, California

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Lake Don Pedro Community Services District as of and for the year ended June 30, 2017, which collectively comprise Lake Don Pedro Community Services District's basic financial statements and have issued our report thereon dated November 18, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Lake Don Pedro Community Services District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake Don Pedro Community Services District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lake Don Pedro Community Services District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the governing board, management, and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Blomberg ? Griffin A.C.

Blomberg & Griffin A.C.
Stockton, CA
November 18, 2017

Lake Don Pedro Community Services District

Regular Meeting of March 19, 2018

AGENDA SUPPORTING DATA

5. DISCUSSION AND ACTION ITEMS

- b. Consideration of request from internet service provider Cal.net for use of Arbolada Tank property for an additional wireless internet antenna

RECOMMENDED ACTION

Staff recommends the following motion:

I move to reject the proposal to install an additional wireless internet antenna on the Arbolada Tank site

SUMMARY

Staff continues to receive requests from wireless internet companies to locate antenna facilities on District tank sites. The most recent request was submitted by Cal.net, a California business that recently purchased the assets of Motherlode Internet in Sonora. Attached is the email request for site lease, and photos of the proposed equipment.

Due to the fact that both Conifer and ATT have constructed major communication facilities on the Arbolada Tank site, there simply does not appear to be additional space for another tower.

FINANCIAL IMPACTS

Approving a lease agreement would increase revenue by a minimum of \$150 per month as proposed by Cal.net. Not approving the lease agreement would result in no additional rental revenue.

ATTACHMENTS

Request email and photos



From: Cindel A. Pena
To: [Peter Kampa](#)
Cc: syndie@ldpcsd.org
Subject: Lake Don Pedro Community Service District: Cal.Net Lease Request
Date: Wednesday, March 7, 2018 3:35:00 PM
Attachments: [Example of Cal.net Tower \(1\).PNG](#)
[Example of Cal.net Tower \(2\).PNG](#)
[aaGeneric Lease V3.1 161220.pdf](#)

Hi Pete,

[Cal.net](#) is building out the internet systems in Tuolumne County as part of a California grant program to provide better internet service to rural areas. [Cal.net](#) would be interested in leasing an 8' x 8' area on your land to install a tower with one antenna/dish. We could be responsible for getting all the required permits from the jurisdiction and completing all environmental reviews ahead of time. The lease would begin once construction is completed (we anticipate permitting to take 12-18 months). In returned we can offer you:

- * \$100/month as rent
- * \$50/month as compensation for base-line power consumption
- * Free internet service to the site for the life of the lease (10.0 Mbps download and 3.0 Mbps upload) a \$84.95 monthly value

I have attached a picture of what our towers look like and copy of our lease agreement. We would like to secure our locations as soon as possible so that we can begin the lengthy permitting process. Please let me know what you think and if you might be interested in helping us complete the important community project. Thanks!

Cindel Pena
[530-908-5408](tel:530-908-5408)

Lake Don Pedro Community Services District

Regular Meeting of March 19, 2018

AGENDA SUPPORTING DATA

5. DISCUSSION AND ACTION ITEMS

- c. Discussion and action related to system water loss, loss reports, customer and system master meter accuracy and related actions/implications

RECOMMENDED ACTION

Staff recommends the following motion:

I move to direct staff to continue to evaluate system water losses and to engage engineering, develop action plans and projects to reduce system losses to less than 10%

SUMMARY

The Board has requested that additional discussion be held regarding our experience with system water losses, monthly water loss reports received, results of customer meter testing and any action plans to be implemented as a result. A staff presentation will be provided to the Board at the meeting, with the goal of developing an agreed upon action plan and Board status report format.

FINANCIAL IMPACTS

Financial impacts are currently unknown as the necessary district actions have not yet been identified

ATTACHMENTS

None

Lake Don Pedro Community Services District

Regular Meeting of March 19, 2018

AGENDA SUPPORTING DATA

5. DISCUSSION AND ACTION ITEMS

- d. Discussion and action related to Notice of Intent to submit an application for federal Hazard Mitigation Grant funding for the purchase and installation of fuel-powered generators to operate critical pumps during power outages

RECOMMENDED ACTION

Staff recommends the following motion:

I move to direct staff to continue to work on a Hazard Mitigation Grant project if the District is invited to submit an application

SUMMARY

In December 2017, the District adopted a local hazard mitigation plan which included a number of projects and actions that the District could take to reduce the damage to persons and property as a result of natural disasters, such as wildfire and drought. One of the major weaknesses of the District water system is our inability to pump water from Lake McClure, treat water at the plant and keep tanks full during extended power outages. The County of Tuolumne has approached the District with a request to sponsor an application for a recently funded Hazard Mitigation Grant through FEMA.

In response, the following scope of work was developed, and a Notice of Intent submitted to FEMA (Due date of March 15, 2018):

Due to the varying topography in the Lake Don Pedro water service area, water supply and pressure is maintained by means of a system of water pumps, storage tanks and related controls. Water from Lake McClure is pumped to the District water treatment plant and stored in a "raw" water tank. In the treatment plant, raw water is pumped through pressure filters to two main water distribution system reservoirs (tanks). In the water distribution system, three booster pump sites operate to keep five additional remote water storage tanks full. Located in the high points of the system, the tanks in turn feed water by gravity to all 480 fire hydrants and 3300 service connections.

The Lake McClure pumps, water treatment plant pumps and booster pumps are currently operated only by commercial electrical power, so during power outages, no water can be pumped from Lake McClure, no water can be produced through the treatment plant and no water can be pumped in the distribution system to fill the tanks. Without power, the tank levels immediately begin to drop with no ability to operate the lake, treatment or booster pumps to refill the tanks. During fireflow conditions to support firefighting operations, without commercial power to operate the system pumps, a full set of District distribution tanks and water

system can run dry in one to four hours, and can take many days to recover full supply once power is restored.

Permanently installed, fuel powered backup generators located at 1) the lake McClure pumping site, 2) the water treatment plant, and 3) at three booster pump sites will ensure that when commercial power is lost, that pumps can operate to keep the raw water storage system full, water treatment plant operating and water distribution system tanks filled to ensure operation of the fire hydrant system. Each of the five generators will require preparation of a generator pad, purchase and installation of an appropriately sized generator, electrical wiring, controls and switch gear.

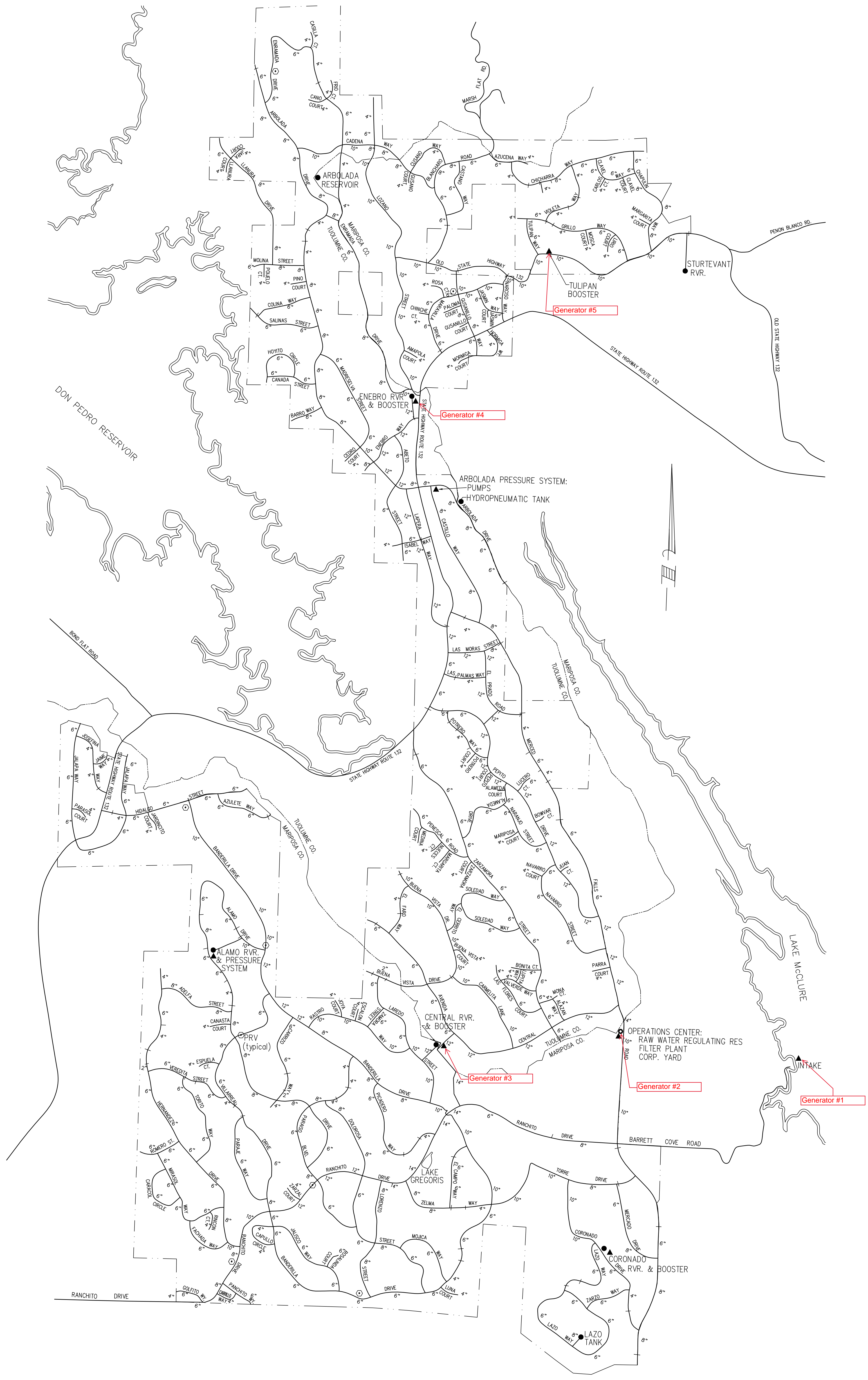
The cost of the generators is budgeted at \$500,000, and the District would be responsible for 25% or a maximum of \$125,000. We will hear from FEMA within 4 to 6 weeks whether they want us to submit a full application for the project. If invited, staff seeks authorization from the Board to work with the County on the application documents. Additional Board action will be secured prior to submitting the application and once engineering cost estimates are in place.

FINANCIAL IMPACTS

No formal engineering cost estimates have been secured for the proposed work, but \$100,000 for each generator installed can be considered a maximum, high estimate. The District's 25% contribution would total \$125,000 of the total project costs.

ATTACHMENTS

System map showing generator locations



DATE: 1/11/05
 SCALE: 1" = 1320'
 DRAWN: TN
 DWG.#: 0515MAP
 SHEET 1
 OF 1 SHEETS

LAKE DON PEDRO
 COMMUNITY SERVICES DISTRICT
 TUOLUMNE AND MARIPOSA COUNTIES

SYSTEM MAP

Binkley Associates
 CONSULTING ENGINEERS
 7246 SHARON DRIVE • SAN JOSE • CALIFORNIA 95129 • (408) 257-9252

REVISIONS	BY

Lake Don Pedro Community Services District

Regular Meeting of March 19, 2018

AGENDA SUPPORTING DATA

5. DISCUSSION AND ACTION ITEMS

- e. Adoption of a resolution amending the District Investment Policy

RECOMMENDED ACTION

Staff recommends the following motion:

I move to adopt a resolution amending the District Investment Policy

SUMMARY

The District is required by California law to adopt an investment policy and annually consider any necessary amendments. The law also requires that the person or entity responsible for District investments, as detailed in the policy, provide an annual performance report regarding the investments, and which also shall include declarations that the investments were made in accordance with the policy, and that the District has adequate funds to operate for the next six months.

The District's most recent investment policy was adopted in 2005 and has not been updated since. Staff has reviewed the current policies of other districts and proposes that the Board adopt the amended policy attached hereto. The draft policy contains our existing policy language, and details additions in underlined text, and deletions in strikeout text.

FINANCIAL IMPACTS

There are no impacts with adoption of the revised policy.

ATTACHMENTS

Draft policy language

LAKE DON PEDRO COMMUNITY SERVICES DISTRICT

Policy and Procedures Manual

POLICY TITLE: Investment of District Funds
POLICY NUMBER: 3020
ADOPTED: March 21, 2005
AMENDED: March 19, 2018

3020.1 PREMISE The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and, Government Code Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and, The treasurer or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC §53646(a)).

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the Lake Don Pedro Community Services District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

3020.2 SCOPE This investment policy applies to all financial assets of the District. These funds are accounted for in the Independent Annual Financial Report and include: all funds of Lake Don Pedro Community Services District except retirement funds and debt service funds held by Trustees for payment of bond redemption and interest.

~~General Fund~~ _____ ~~Investments:~~
~~Restricted Fund~~ _____ ~~Local Agency Investment Fund~~
~~Operation and Maintenance Fund~~ ~~Enterprise Funds~~

3020.3 PRUDENCE Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3020.4 OBJECTIVES As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

3020.4.1 Legality and Safety: Legality and Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

3020.4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3020.4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

3020.5 DELEGATION OF AUTHORITY

~~Authority to manage the investment program is derived from California Government Code §53600, et seq. Management responsibility for the investment program is hereby delegated by the Board to the Treasurer. The Treasurer shall render a semi-annual report to the Board specifying the type of investment, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than twelve (12) months, and a rate of interest. Under the provisions of California Government Code §53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard. Authority to manage the investment program is derived from California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the General Manager, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board of Directors. The General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code §53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.~~

3020.6 ETHICS AND CONFLICTS OF INTEREST Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

3020.7 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS The General Manager will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness that are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified bonded and insured public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with the firm has reviewed the District's Investment Policy and that the firm

understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

3020.8 AUTHORIZED AND SUITABLE INVESTMENTS The District is empowered by California Government Code §53601, et seq., to invest in the following:

A. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

B. Obligations issued by Banks for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise, or such agencies or enterprises which may be created.

C. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California. Preference may be given to local banks.

D. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the District's investment portfolio.

E. State of California's Local Agency Investment Fund. The LAIF portfolio should be reviewed periodically.

F. Investment Trust of California (CalTRUST). CalTRUST is a joint powers authority of California public agencies that serves as an investment alternative to LAIF.

G. Insured savings account or money market account.

~~3020.8.1~~ Bonds issued by the Lake Don Pedro Community Service District

~~3020.8.2~~ United State Treasury Bills, Notes & Bonds.

~~3020.8.3~~ Registered state warrants or treasury notes or bonds issued by the State of California.

~~3020.8.4~~ Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.

~~3020.8.5~~ Obligations issued by agencies or instrumentalities of the United States Government.

~~3020.8.6~~ Bankers' acceptances with a term not to exceed 270 days. Not more than 40% of surplus funds can be invested in bankers' acceptances and no more than 30% of surplus funds can be invested in the bankers acceptances of any single commercial bank.

- ~~3020.8.7~~ Prime commercial paper of U.S. corporations with assets greater than \$500 million, with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P). Commercial paper cannot exceed 15% of total surplus funds, provided that, if the average maturity of all commercial paper does not exceed 31 days, up to 30% of surplus funds can be invested in commercial paper.
- ~~3020.8.8~~ Negotiable certificates of deposit issued by federally or state chartered banks or associations. Not more than 30% of surplus funds can be invested in certificates of deposit.
- ~~3020.8.9~~ Repurchase/reverse repurchase agreements of any securities authorized by this section. Securities purchased under these agreements shall be no less than 102% of market value. (See special limits in CGC §53601.i.)
- ~~3020.8.10~~ Medium term notes (not to exceed 5 years) of U.S. corporations rated "A" or better by Moody's or S&P. Not more than 30% of surplus funds can be invested in medium term notes.
- ~~3020.8.11~~ Shares of beneficial interest issued by diversified management companies (money market mutual funds) investing in the securities and obligations authorized by this Section. Such funds must carry the highest rating of at least two of the three largest national rating agencies. Not more than 15% of surplus funds can be invested in money market mutual funds.
- ~~3020.8.12~~ Funds held under the terms of a trust indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.
- ~~3020.8.13~~ Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.
- ~~3020.8.14~~ Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a nationally recognized rating service. Not more than 30% of surplus funds may be invested in this category of securities.
- ~~3035.8.15~~ Any other investment security authorized under the provisions of CGC §5922 and §53601. (Also, see CGC §53601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC §53601 is included by reference in this investment policy.)

3035.8.15.1 Prohibited Investments. Under the provisions of CGC §53601.6 and §53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity. Additional investments which are not permitted include repurchase agreements, banker's acceptances, commercial paper, and medium-term corporate notes.

- ~~3020.9~~ COLLATERALIZATION All certificates of deposits must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC §53601(i)(2).
- ~~3020.10~~ SAFEKEEPING AND CUSTODY All security transactions entered into by the District shall be conducted on delivery versus payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by CGC §53601.
- ~~3020.11~~ DIVERSIFICATION The District will diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:
- ~~3020.11.1~~ Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
 - ~~3020.11.2~~ Maturities selected shall provide for stability of income and liquidity.
 - ~~3020.11.3~~ Disbursement and payroll dates shall be covered through maturities investments, marketable U.S. Treasury bills or other cash equivalent instruments such as money market mutual funds.
- ~~3020.12~~ REPORTING In accordance with CGC §53646(b)(1), the General Manager shall submit to ~~each member of~~ the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for the District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC §53646 (e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy; and, (2) the District will meet its expenditure obligations for the next six months as required by CGC §53646(b)(2) and (3), respectively. The General Manager shall maintain a complete and timely record of all investment transactions.
- ~~3020.13~~ INVESTMENT POLICY REVIEW This Investment Policy shall be reviewed on an annual basis, and the Board of Directors must approve modifications.

RESOLUTION NO. 2018-__

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LAKE DON PEDRO COMMUNITY SERVICES DISTRICT APPROVING AN
AMENDMENT POLICY REGARDING INVESTMENT OF DISTRICT FUNDS**

The Board of Directors of the Lake Don Pedro Community Services District does hereby find and declare as follows:

WHEREAS, the Lake Don Pedro Community Services District (“District”) is a California community services district formed and existing under the provisions of the California Community Services District Law, codified at Government Code §§ 61000-61144, and all acts and laws amendatory thereof or supplementary thereto, and possessing all the powers thereof; and

WHEREAS, the District Board of Directors adopts policies to guide the actions of management and the District in the conduct of the day to day operations of District management and administration; and

WHEREAS, the Board has determined that certain policies are in need of update and amendment to ensure the efficient provision of services and effective management of District affairs; and

WHEREAS, draft policy amendments have been prepared and are attached hereto as Exhibit A for consideration and adoption.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Lake Don Pedro Community Services District that the General Manager is hereby authorized and directed to update the District Operating Policies and Procedures with a certified copy of the approved policy contained in Exhibit A as attached hereto, which shall take effect immediately.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Lake Don Pedro Community Services District on March 19, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Danny Johnson, President, Board of Directors

ATTEST:

Syndie Marchesiello, Secretary

CERTIFICATE OF SECRETARY

STATE OF CALIFORNIA)

COUNTY OF MARIPOSA)

I, Syndie Marchesiello, the duly appointed and Secretary of the Board of Directors of the Lake Don Pedro Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Special Meeting of the Board of Directors of the Lake Don Pedro Community Services District, duly called and held at _____, La Grange, CA 95239, on March 19, 2018.

DATED: July 18, 2016.

Syndie Marchesiello, Secretary