

## Special Meeting of the Board of Directors

9751 Merced Falls Road  
February 16, 2016, 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. FINANCIAL PRESENTATIONS:**

- a. Presentation Report for Other Post-Employment Benefits (OPEB) Actuarial Valuation in accordance with Governmental Accounting Standards Board Statement No. 45 (GASB 45) - Bartel Associates
- b. Presentation of the 2015 fiscal year audit - Blomberg & Griffin Accounting Corporation

**4. PRESENTATION ONLY:**

- a. Presiding Officer's Report
- b. Interim Manager's Report: Peter J. Kampa
- c. Chief Plant Operator's Report: R. Gilgo

**5. 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 2016 Treasurer's Report
- b. Approval of the Minutes – Special Board Meeting January 21, 2016
- c. Approval of a Resolution extending the drought emergency declaration in accordance with the California Public Contract Code

**6. DISCUSSION AND ACTION ITEMS:**

- a. Approval of a Resolution revising Board Policy regarding Committees of the Board of Directors
- b. Confirmation of the Board President's Standing Committee appointments for the 2016 calendar year.
- c. Approval of a Resolution rescinding previous Resolution 2013-4, a Resolution that prohibited the commitment of water supplies to properties with LDPCSD water service available, but located outside of the boundaries of Merced Irrigation District's Lake McClure water supply Place of Use.

- d. Staff report and discussion regarding statewide water issues including mandatory environmental water releases from dams, State Water Board water quality plans and other matters as they relate to current and future water supply for the Don Pedro community.

## **7. CLOSED SESSION**

### **Conference with Real Property Negotiator**

The Board will confer with its appointed negotiator, General Manager Peter J. Kampa to discuss price, terms and conditions of a potential real estate transaction related to pipeline easement acquisition for the Emergency Water Supply Project, property information: Owner: Don Pucilowski, Location: 9717 Merced Falls Rd., La Grange, CA 95329, Mariposa County Assessor's Parcel No. 020-290-010-0.

## **8. DIRECTORS COMMENTS:**

Any Director may address the Board on any item of interest that is within the subject matter and jurisdiction of the District. Generally, no discussion or comment by other Board members should be expected on non-agenda items, except to properly place the matter on a future agenda for review, discussion or action as appropriate.

## **9. 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) 852-2331. Advance notification will enable the District to make reasonable arrangements to insure accessibility.

# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 3. FINANCIAL PRESENTATIONS:

- a. Presentation Report for Other Post-Employment Benefits (OPEB) Actuarial Valuation in accordance with Governmental Accounting Standards Board Statement No. 45 (GASB 45) - Bartel Associates
- b. Presentation of the 2015 fiscal year audit - Blomberg & Griffin Accounting Corporation

#### **Background**

The Board has directed the preparation of an actuarial valuation, included herein, which provides an estimate of the current and estimated future cost of post-employment (medical) benefits offered by the District. The District is required to perform the actuarial valuation every two years, to ensure the accuracy of the assumptions and calculations contained in the report. The annual cost of these benefits as described in the report are then detailed in the District's annual audit.

The actuarial valuation is a complicated process over which the District has very little control; other than to examine the report for accurate assumptions about the future. The purpose of this agenda item is for the Board to receive an explanation of the report from its preparer, Bartel Associates, LLC. A representative of Bartel Associates will be in attendance at the meeting.

In addition, the draft 2014/05 Fiscal Year audit has been completed by Blomberg and Griffin Accountancy Corporation, who will also attend our Board meeting to present the audit. The audit is included with this agenda package for your review.

#### **Recommended Motion**

No Board action is necessary at this meeting. These reports are for Board and public information purposes.



**B**ARTEL  
ASSOCIATES, LLC

**LAKE DON PEDRO COMMUNITY SERVICE DISTRICT  
RETIREE HEALTHCARE PLAN**

June 30, 2015 GASB 45 Actuarial Valuation  
Preliminary Results

**Mary Beth Redding, Vice President & Actuary**  
Wai Man Yam, Actuarial Analyst  
Tak Frazita, Associate Actuary  
**Bartel Associates, LLC**

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## BENEFIT SUMMARY

<ul style="list-style-type: none"> <li>■ Eligibility</li> </ul>	<ul style="list-style-type: none"> <li>■ Service (or disability) retirement:                             <ul style="list-style-type: none"> <li>• Age 50 &amp; 5 years CalPERS service if hired before 1/1/2013</li> <li>• Age 52 &amp; 5 years CalPERS service if hired after 1/1/2013</li> </ul> </li> <li>■ Board members are ineligible.</li> </ul>						
<ul style="list-style-type: none"> <li>■ Benefit</li> </ul>	<ul style="list-style-type: none"> <li>■ District pays portion of retiree premium:                             <ul style="list-style-type: none"> <li>• 100% single premium</li> <li>• 90% spouse premium</li> </ul> </li> </ul>						
<ul style="list-style-type: none"> <li>■ Surviving Spouse Continuation</li> </ul>	<ul style="list-style-type: none"> <li>■ Same benefit continues to surviving spouse</li> </ul>						
<ul style="list-style-type: none"> <li>■ Other</li> </ul>	<ul style="list-style-type: none"> <li>■ No dental, vision, life insurance, nor Medicare Part B reimbursement</li> </ul>						
<ul style="list-style-type: none"> <li>■ Pay-As-You-Go Costs</li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Year</th> <th style="text-align: center; border-bottom: 1px solid black;">Total</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">\$ 35,339</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">37,990</td> </tr> </tbody> </table>	Year	Total	2014/15	\$ 35,339	2013/14	37,990
Year	Total						
2014/15	\$ 35,339						
2013/14	37,990						



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## PREMIUMS

### 2015 ACWA-JPIA Monthly Premiums Other Northern California

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem CalCare HMO	\$801.96	\$1,592.91	\$2,203.90	\$509.03	\$1,008.22	\$1,433.16
Anthem Classic PPO	746.42	1,519.78	2,042.72	484.74	985.84	1,358.50

### 2016 ACWA-JPIA Monthly Premiums Other Northern California

Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem CalCare HMO	\$825.72	\$1,640.40	\$2,269.72	\$459.11	\$908.38	\$1,290.83
Anthem Classic PPO	812.71	1,655.67	2,225.68	484.74	985.84	1,358.50



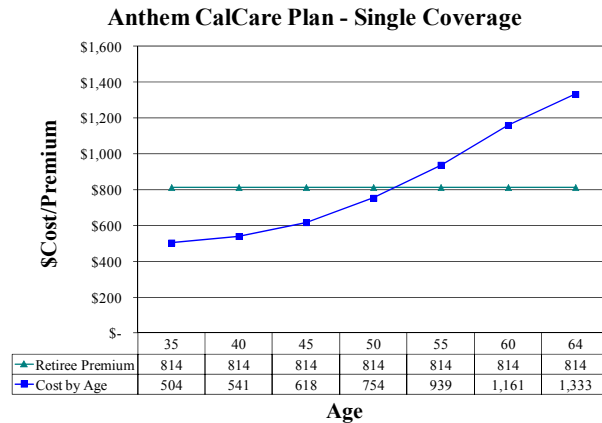
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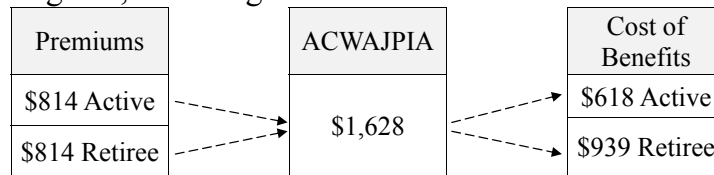


## IMPLIED SUBSIDY

- Based on pool demographics, Employer cost for allowing pre-Medicare retirees to participate at active rates.
  - Illustration:



- Sample active age 45, retiree age 55:



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## PARTICIPANT SUMMARY

### Participants

Participants	6/30/15
<b>■ Actives</b>	
• Participating	4
• Waived Coverage	<u>1</u>
• Total Actives	5
• Average Age	41.1
• Average District Service	6.9
<b>■ Retirees</b>	
• Participating	4
• Waived Coverage	<u>0</u>
• Total Retirees	4
• Average Age	70.9
• Average Service Retirement Age	57.1



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**PARTICIPANT SUMMARY**

**Summary of Healthcare Plan and Coverage Elections**

	Single	2-party	Family	Waived	Total
<b>Under 65</b>					
■ <b>Anthem CalCare HMO</b>	2	-	1	-	3
■ <b>Anthem Classic PPO</b>	2	-	1	-	3
■ <b>Waived</b>	-	-	-	1	1
<b>Over 65</b>					
■ <b>Anthem CalCare HMO</b>	-	-	-	-	-
■ <b>Anthem Classic PPO</b>	2	-	-	-	2
■ <b>Waived</b>	-	-	-	-	-
<b>Total</b>	6	-	2	1	9



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**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2015 Valuation</b>
■ Valuation Date	■ June 30, 2015 • For 2014/15, 2015/16 & 2016/17 fiscal years
■ Funding Policy	■ Pay-as-you-go
■ Discount Rate	■ 4.00%
■ General Inflation	■ 3.0%
■ Payroll Increases	■ Aggregate increase – 3.25% ■ Merit increase – CalPERS 97-11 Experience Study
■ Mortality, Withdrawal, Disability	■ Miscellaneous – CalPERS 97-11 Experience Study ■ Mortality projection Scale MP-2014, modified to converge to ultimate rates in 2022
■ Retirement	■ CalPERS 1997-2011 Experience Study <b>Misc.</b> Benefit Formula      2%@60      2%@62 Expected Ret Age      ≈ 62.2      ≈ 59.9



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**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2015 Valuation</b>																								
■ Pre-District CalPERS service	■ Half of the difference between hire age and 30, if bigger than 0. Used only to apply CalPERS assumption tables.																								
■ Healthcare Trend	<p align="center"><u>Increase from Prior Year</u></p> <table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Non-Medicare</u></th> <th><u>Medicare</u></th> </tr> </thead> <tbody> <tr> <td>2015</td> <td colspan="2">Actual 2015 premiums</td> </tr> <tr> <td>2016</td> <td colspan="2">Actual 2016 premiums</td> </tr> <tr> <td>2017</td> <td>7.0%</td> <td>7.2%</td> </tr> <tr> <td>2018</td> <td>6.5%</td> <td>6.7%</td> </tr> <tr> <td>2019</td> <td>6.0%</td> <td>6.1%</td> </tr> <tr> <td>2020</td> <td>5.5%</td> <td>5.6%</td> </tr> <tr> <td>2021+</td> <td>5.0%</td> <td>5.0%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Non-Medicare</u>	<u>Medicare</u>	2015	Actual 2015 premiums		2016	Actual 2016 premiums		2017	7.0%	7.2%	2018	6.5%	6.7%	2019	6.0%	6.1%	2020	5.5%	5.6%	2021+	5.0%	5.0%
<u>Year</u>	<u>Non-Medicare</u>	<u>Medicare</u>																							
2015	Actual 2015 premiums																								
2016	Actual 2016 premiums																								
2017	7.0%	7.2%																							
2018	6.5%	6.7%																							
2019	6.0%	6.1%																							
2020	5.5%	5.6%																							
2021+	5.0%	5.0%																							
■ Participation	■ 100%																								
■ Medical Plan at Retirement	■ Covered – current plan election ■ Waived – Anthem CalCare HMO																								



**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2015 Valuation</b>
■ Medicare Eligible Rate	■ 100% ■ Everyone eligible for Medicare will elect Part B coverage
■ Marital Status at Retirement	■ Actives: • 80% married ■ Retirees: current coverage
■ Spouse Age	■ Actives: Males 3 years older than females ■ Retirees: Males 3 years older than females
■ Affordable Care Act Excise Tax	■ 2% increase in liability





## ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation				
<b>■ Sample Medical Claims Costs: 2016</b>	<b>■ Sample monthly claims costs</b>				
	<u>Other Northern California - Non-Medicare Eligible</u>				
	<u>Anthem CalCare</u>		<u>Anthem Classic</u>		
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	25	\$ 277	\$ 544	\$ 273	\$ 448
	35	363	666	404	621
	45	578	699	642	703
	55	969	977	954	920
	60	1,240	1,164	1,145	1,065
	64	1,477	1,336	1,344	1,214
	<u>Other Northern California - Medicare Eligible</u>				
	<u>Anthem CalCare</u>		<u>Anthem Classic</u>		
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	65	418	391	441	463
	70	474	434	473	496
75	535	478	504	525	
80	573	509	521	541	



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## ACTUARIAL METHODS

Method	June 30, 2015 Valuation	
<b>■ Cost Method</b>	<b>■ Entry Age Normal</b>	
<b>■ Amortization Method</b>	<b>■ Level percentage of payroll</b>	
<b>■ Funding Policy</b>	<b>■ Pay-as-you-go</b>	
<b>■ Actuarial Value of Assets</b>	<b>■ No assets</b>	
<b>■ Amortization Period</b>	<b>■ 6/30/14 Unfunded Actuarial Accrued Liability (UAAL) – 30-year fixed (closed) period</b> <b>■ Minimum amortization payment required by GASB 45</b> <b>■ Does not cover interest on UAAL</b>	
<b>■ Implied Subsidy</b>	<b>■ Included</b>	



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**RESULTS**

**Actuarial Obligations**

	<b>6/30/15</b>
<b>■ Present Value of Benefits</b> <ul style="list-style-type: none"> <li>• Actives</li> <li>• Retirees</li> <li>• Total</li> </ul>	\$ 1,380,696 <u>544,816</u> 1,925,512
<b>■ Actuarial Accrued Liability</b> <ul style="list-style-type: none"> <li>• Actives</li> <li>• Retirees</li> <li>• Total</li> </ul>	532,426 <u>544,816</u> 1,077,242
<b>■ Actuarial Value of Assets</b>	-
<b>■ Unfunded AAL</b>	<u>1,077,242</u>
<b>■ Normal Cost (FY 14/15)</b>	93,769
<b>■ Pay-Go Cost (FY 14/15)</b> <ul style="list-style-type: none"> <li>• Cash Subsidy</li> <li>• Implied Subsidy</li> <li>• Total</li> </ul>	35,339 <u>15,025</u> 50,364



**RESULTS**

**Annual Required Contribution (ARC)**

	<b>6/30/2015 Valuation</b>		
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>■ ARC - \$</b> <ul style="list-style-type: none"> <li>• Normal Cost</li> <li>• UAAL Amortization</li> <li>• Total Cost</li> </ul>	\$ 93,769 <u>38,237</u> 132,006	\$ 96,816 <u>42,674</u> 139,490	\$ 99,963 <u>48,179</u> 148,142



**RESULTS**

**Actuarial Obligations – By Cash and Implied Subsidy**

	<b>Cash Subsidy</b>	<b>Implied Subsidy</b>	<b>Total</b>
■ <b>Present Value of Projected Benefits</b>	\$ 1,728,068	\$ 197,444	\$ 1,925,512
■ <b>Funded Status at 6/30/15</b>			
• Actuarial Accrued Liability	975,457	101,785	1,077,242
• Actuarial Value of Assets	-	-	-
• Unfunded Actuarial Accrued Liability	975,457	101,785	1,077,242
■ <b>2014/15 Annual Required Contribution</b>			
• Normal Cost	84,701	9,068	93,769
• UAAL Amortization <sup>1</sup>	34,245	3,992	38,237
• ARC	118,946	13,060	132,006

<sup>1</sup> Total amortization payment allocated based on each groups portion of UAAL.



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**RESULTS**

**Estimated Net OPEB Obligation (NOO)**

	<b>CAFR 2013/14</b>	<b>2014/15</b>	<b>Estimated</b>	
			<b>2015/16</b>	<b>2016/17</b>
■ <b>NOO (Beginning of Year)</b>	\$ 600,290	\$ 749,138	\$ 830,950	\$ 932,016
■ <b>Annual OPEB Cost</b>				
• Annual Required Contribution	168,829	132,006	139,490	148,142
• Interest on NOO	18,009	28,958	32,478	36,689
• Adjustment for NOO	-	(28,787)	(32,917)	(38,106)
• Annual OPEB Cost	186,838	132,177	139,051	146,726
■ <b>Contributions</b>				
• Benefit Payments – Cash Subsidy	37,990	35,339	29,247	28,333
• Benefit Payments – Implied Subsidy	-	15,025	8,739	1,230
• Trust Pre-Funding	-	-	-	-
• Total Contribution	37,990	50,364	37,986	29,563
■ <b>NOO (End of Year)</b>	749,138	830,950	932,016	1,049,179



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**RESULTS**

**Contribution Projection**

Fiscal Year	Full ARC/ADC <sup>2</sup>	Contribution		
		Benefit Pmts	Pre-Funding	Total Contrib
2014/15	\$ 132,006	\$ 50,364	\$ -	\$ 50,364
2015/16	139,490	37,986	-	37,986
2016/17	148,142	29,563	-	29,563
2017/18	157,942	37,376	-	37,376
2018/19	168,314	46,078	-	46,078
2019/20	179,282	44,151	-	44,151
2020/21	191,423	51,113	-	51,113
2021/22	204,456	57,431	-	57,431
2022/23	218,534	53,164	-	53,164
2023/24	234,375	56,872	-	56,872

<sup>2</sup> ADC = Actuarially Determined Contribution under GASB 74/75.



**RESULTS**

**Benefit Payment Projection**

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2014/15	\$ 35,339	\$ 15,025	\$ 50,364
2015/16	29,247	8,739	37,986
2016/17	28,333	1,230	29,563
2017/18	34,134	3,242	37,376
2018/19	40,225	5,853	46,078
2019/20	42,333	1,818	44,151
2020/21	47,882	3,231	51,113
2021/22	52,529	4,902	57,431
2022/23	52,499	665	53,164
2023/24	55,574	1,298	56,872



## OTHER ISSUES – GASB STATEMENT NO. 75

- OPEB accounting changes approved by GASB 6/2/15:
  - Effective for 2017/18 fiscal year
- Fundamental changes
  - Delinks contributions and accounting
  - Unfunded liability recognition drives expense
- Major issues:
  - Unfunded liability on balance sheet
  - Lower discount rate if projected assets do not cover projected benefit payments
  - Discount rate based on 29-year AA bonds, for unfunded plans, is volatile
  - Expense will be more volatile than ARC
- Entry age normal cost method required



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## OTHER ISSUES – CALPERS ISSUES

- Contribution policy changes:
  - No asset smoothing
  - Included in 6/30/13 valuation (first impact 15/16 rates; full impact 19/20)
- Assumption changes:
  - Anticipate future mortality improvement
  - Other, less significant, changes
  - Included in 6/30/14 valuation (first impact 16/17 rates; full impact 20/21)
- Board adopted Funding Risk Mitigation Policy in November 2015
  - Reduce risk only when investment return is good
  - Reduce discount rate by 0.05 percentage points if investment return is 4% above assumed
  - Impacts valuation same year and employer contribution rates two years after
  - Discount rate anticipated to be 6.5% in about 20 years



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## OTHER ISSUES – CALPERS ISSUES

- Irrevocable Supplemental (§115) Pension Trust funding alternative
  - PARS & PFM
  - Investments significantly less restricted than Agency funds
    - Designed for long term returns
    - Likely much higher (5% - 7%) investment return
  - Assets could not be used by Board for other purposes
  - Can only be used to:
    - Reimburse Agency for CalPERS contributions
    - Make payments directly to CalPERS



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## OTHER ISSUES – HIGH COST HEALTH COVERAGE EXCISE TAX

- Patient Protection and Affordable Care Act (PPACA)<sup>3</sup> enacted in March 2010 imposed a tax on high cost medical coverage (“Cadillac Tax”)
- Non-deductible excise tax of 40% beginning in 2018 applied to healthcare costs exceeding annual dollar thresholds<sup>4</sup>
  - \$10,200 for self-only coverage and \$11,850 for individuals aged 55 to 64
  - \$27,500 for non-self-only coverage and \$30,950 for individuals aged 55 to 64<sup>5</sup>
  - Thresholds will generally increase with CPI
  - Still many unknowns; no IRS proposed regulations yet.
- Plans not currently subject to tax may become subject in future as medical CPI is expected to outpace general CPI
- GASB 75 and Actuarial Standards of Practice require taxes and assessments expected to be imposed on benefit payments be included in valuations<sup>6</sup>

<sup>3</sup> Employers should consult with their healthcare providers, tax advisors, and legal counsel regarding the applicability of PPACA enacted taxes.

<sup>4</sup> Effective starting with taxable year beginning on or after 1/1/18 of entity liable for tax. Healthcare costs are premiums for fully-insured plans.

<sup>5</sup> Higher thresholds for self and non-self coverage apply if majority of employees are engaged in high risk professions, including law enforcement officers and employees in fire protection activities.

<sup>6</sup> GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” adopted in June 2015 and revised Actuarial Standard of Practice No. 6, “Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions” adopted in May 2014.



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## OTHER ISSUES

- Current Valuation:
  - Preliminary results January 14, 2016
  - Final results
- Next Valuation For 6/30/18 Net OPEB Liability



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## DEFINITIONS

<ul style="list-style-type: none"><li>■ GASB 45 Accrual Accounting</li></ul>	<ul style="list-style-type: none"><li>● Project future employer-provided benefit cash flow for current active employees and current retirees</li><li>● Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits (PVB)</li><li>● Discount rate is expected long-term return on plan assets</li><li>● Allocate PVB to past, current, and future periods</li><li>● Normal Cost (NC) is portion of PVB allocated to current fiscal year</li><li>● Actuarial cost method used for valuation is Entry Age Normal (EAN) Cost method which determines Normal Cost as a level percent of payroll</li><li>● Actuarial Accrued Liability (AAL) is portion of PVB allocated to prior service with the employer</li><li>● Unfunded AAL (UAAL) is AAL less Plan Assets</li><li>● Assets must be in segregated and restricted trust to be considered Plan Assets for GASB 45</li></ul>
<ul style="list-style-type: none"><li>■ PayGo Cost</li></ul>	<ul style="list-style-type: none"><li>● Cash subsidy is employer pay-as-you-go benefit payments for retirees</li><li>● Implied subsidy is difference between actual cost of retiree benefits and retiree premiums subsidized by active employee premiums</li></ul>



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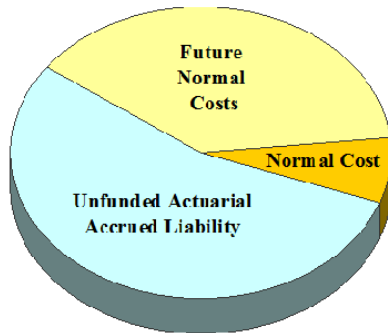
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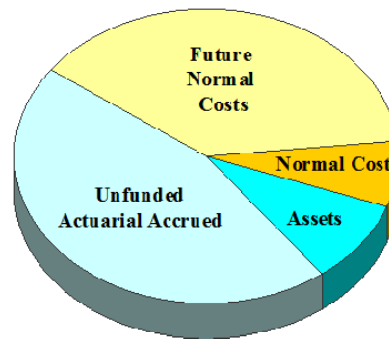
## DEFINITIONS

### Present Value of Benefits

**Present Value of Benefits  
(Without Plan Assets)**



**Present Value of Benefits  
(With Plan Assets)**



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## DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> <li>● GASB 45 contribution is Normal Cost plus amortization of:                             <ul style="list-style-type: none"> <li>➢ Initial UAAL and AAL for plan, assumption, and method changes</li> <li>➢ Experience gains and losses (difference between actual experience and that expected from assumptions)</li> <li>➢ Contribution gains and losses (difference between ARC and actual contributions)</li> </ul> </li> </ul>
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> <li>● NOO is accumulated amounts expensed but not funded</li> <li>● Net OPEB Asset if amounts funded exceed those expensed</li> </ul>
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> <li>● Expense for current period including:                             <ul style="list-style-type: none"> <li>➢ ARC</li> <li>➢ Interest on NOO</li> <li>➢ Adjustment of NOO</li> </ul> </li> <li>● Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed</li> </ul>



January 25, 2016

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## DEFINITIONS

■ Terminology  
Used in  
Report

- AAL - Actuarial Accrued Liability
- AOC - Annual OPEB Cost
- ARC - Annual Required Contribution
- AVA - Actuarial Value of Assets
- EAN - Entry Age Normal Cost Method
- GASB 45 - Governmental Accounting Standards Board Statement No. 45
- MVA - Market Value of Assets
- NOO - Net OPEB Obligation
- OPEB - Other (than pensions) Post Employment Benefits
- NC - Normal Cost
- PVB - Present Value of Projected Benefits
- UAAL - Unfunded Actuarial Accrued Liability



January 25, 2016

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**LAKE DON PEDRO  
COMMUNITY SERVICES DISTRICT**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2015**

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**

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**JUNE 30, 2015**

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**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2015

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, 2015. 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, 2015.

- Total assets of the District were approximately \$4,858,152 in 2015 and \$5,129,935 in 2014, a decrease of approximately \$271,783.
- Total liabilities increased by approximately \$315,532 during the same period.
- Operating revenues decreased approximately \$77,185 during the same period.
- Operating expenses increased by \$400,488.

**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, 2015

**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, 2015, the District had net position totaling \$2,584,142. Below is a table showing the District's net position at year end with comparative numbers for 2014.

**TABLE 1: NET POSITION**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Assets</b>		
Cash and Investments	\$ 1,290,355	\$ 1,526,679
Other Assets	265,139	280,416
Capital Assets-Net	<u>3,302,658</u>	<u>3,322,840</u>
 Total Assets	 <u>4,858,152</u>	 <u>5,129,935</u>
 <b>Liabilities</b>		
Long-Term Liabilities	1,034,065	1,099,448
Other Liabilities	<u>1,239,945</u>	<u>859,031</u>
 Total Liabilities	 <u>2,274,010</u>	 <u>1,958,479</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt	2,268,593	2,223,392
Restricted - Debt Service	-	-
Unrestricted	<u>315,549</u>	<u>948,064</u>
 Total Net Position	 <u>\$ 2,584,142</u>	 <u>\$ 3,171,456</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2015

**NET POSITION (Continued):**

The District has invested 88% of its total net position in capital assets, which total \$2,268,593, 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.

Unrestricted net position total \$315,549 with \$162,092 being accessed with Board approval and the remainder without approval. These represent resources that the District may use to provide services to its users and meet its obligations to creditors. The District currently does not have completely restricted funds.

**GOVERNMENTAL ACTIVITIES**

The District's total expenses exceeded revenues by \$332,222. Total revenues for the year were \$1,522,531. Of this, \$1,494,756 was received from operating revenues, \$771 from investment earnings, and \$27,004 from miscellaneous sources. Prior year's total revenue was \$1,591,043.

Expenses totaled \$1,854,753 attributable to water service. Prior year's expenses were \$1,454,776.

**CAPITAL ASSETS**

At the end of June 2015, the District purchased a net amount of \$-0- in capital assets with District funds and disposed of \$-0- in capital assets.

**TABLE 2: CAPITAL ASSETS**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Capital Assets</b>		
Land	\$ 157,325	\$ 157,325
Plant and Structures	8,068,538	8,068,538
Equipment and Vehicles	855,792	855,792
Construction in Progress	720,674	564,818
Less: Accumulated Depreciation	<u>(6,499,671)</u>	<u>(6,323,633)</u>
 Total Capital Assets -Net	 <u>\$ 3,302,658</u>	 <u>\$ 3,322,840</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**CAPITAL ASSETS (Continued):**

This year's major additions included:

Construction in Progress:

Intake Barge Improvements	\$ 43,993
Treatment Plant Upgrade	72,313
Auto Meter Read/Replace	6,550
Filter Media Replacement	<u>33,000</u>
Total	<u>\$ 155,856</u>

The District currently has several on-going capital improvement projects. These projects include the AMR System, Intake Float Pump/ Barge Upgrade, and Water Treatment Plant Equipment Upgrades/Replacement. Many others are being researched and prioritized for the future.

**LONG-TERM DEBT**

The Water District also had a loan with Municipal Finance Corporation for the Treatment Plant Upgrades with a balance of \$1,034,065. Payments of principal for 2015 and 2014 totaled \$65,412.62 and \$62,262.50, respectively. Interest paid for 2015 and 2014 totaled \$52,783.46 and \$53,293.58, 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, 2015, 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 2014 financial statements which were audited by other auditors whom 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, 2015, 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 budgetary comparison information on pages 3 through 6 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lake Don Pedro Community Services District's, basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, California  
January 8, 2016

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2015 and 2014**

	<b>Business-Type Activities Enterprise Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Asset</b>		
Cash And Invesments	\$ 1,290,355	\$ 1,526,679
Accounts Receivable	150,305	169,380
Prepaid Expense	43,791	41,390
Inventory	69,931	69,646
Land	157,325	157,325
Construction In Progress	720,674	564,818
Fixed Assets	8,924,330	8,924,330
Accumulated Depreciation	(6,499,671)	(6,323,633)
Deferred Outflows of Resources- Pension	1,112	-
	<b>4,858,152</b>	<b>5,129,935</b>
<b>Liabilities</b>		
Accounts Payable	113,112	56,701
Interest Payable	14,910	15,750
Accrued Payroll	10,258	12,108
Compensated Absences	25,569	25,334
Post Retirement Benefit Obligation	830,950	749,138
Net Pension Liability	188,741	-
Loans Payable	1,034,065	1,099,447
Deferred Inflows of Resources- Pension	56,405	-
	<b>2,274,010</b>	<b>1,958,478</b>
<b>Net Position</b>		
Invested In Capital Assets -	-	-
Net of Related Debt	2,268,593	2,223,392
Restricted	-	-
Unrestricted	315,549	948,065
	<b>2,584,142</b>	<b>3,171,457</b>
<b>Total Net Position</b>	<b>\$ 2,584,142</b>	<b>\$ 3,171,457</b>

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, 2015 and 2014**

	<b>Business-Type Activities Enterprise Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating Revenues</b>		
Water Sales And Assessments	\$ 1,422,959	\$ 1,493,659
Transfer Connection and Meter Fees	50,099	55,315
Interest and Penalties On Delinquent Accounts	21,698	22,967
	<u>1,494,756</u>	<u>1,571,941</u>
<b>Operating Expenses</b>		
Salaries And Benefits - Plant	256,748	233,978
Salaries And Benefits - Administrative	136,002	219,392
Post Retirement Benefit	117,151	186,838
Supplies And Services - Plant	802,233	418,539
Supplies And Services - Administrative	313,798	151,608
Depreciation	176,038	191,127
	<u>1,801,970</u>	<u>1,401,482</u>
Operating Income (Loss)	<u>(307,214)</u>	<u>170,459</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment Earnings	771	1,262
Miscellaneous	27,004	17,840
Interest Expense	(52,783)	(53,294)
	<u>(25,008)</u>	<u>(34,192)</u>
Extraordinary Items		
Insurance Recovery	-	124,085
	<u>-</u>	<u>124,085</u>
Change In Net Position	<u>(332,222)</u>	<u>260,352</u>
Total Net Position - Beginning	3,171,456	2,911,104
Prior Period Adjustment- Note 6	(255,092)	-
Total Net Position - Ending	<u>\$ 2,584,142</u>	<u>\$ 3,171,456</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, 2015 and 2014**

	<b>Business-Type Activities Enterprise Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers	\$ 1,513,831	\$ 1,578,255
Payments To Suppliers	(1,097,648)	(627,591)
Payments To Employees	(405,421)	(440,985)
Net Cash Provided By (Used In) - Operating Revenues	10,762	509,679
<b>Cash Flows From Non- Capital Financing Activities</b>		
Miscellaneous Income	27,004	17,840
Net Cash Provided by (Used In) Non-Capital - Financing Activities	27,004	17,840
<b>Cash Flows From Capital And Related - Financing Activities</b>		
Purchase of Capital Assets	-	
Insurance Proceeds Received	-	124,085
Construction In Progress	(155,856)	(109,254)
Principal Payments On Long Term Debt	(65,382)	(62,262)
Interest Paid	(53,623)	(56,744)
Net Cash Provided by (Used In) Capital - And Related Financing Activities	(274,861)	(104,175)
<b>Cash Flows From Investing Activities</b>		
Interest Received	771	1,262
Net Cash Provided by (Used In) Investing Activities	771	1,262
Net Increase (Decrease) In Cash	(236,324)	424,606
Cash and Investments - Beginning	1,526,679	1,102,073
Cash and Investments - Ending	\$ 1,290,355	\$ 1,526,679
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (307,214)	\$ 170,459
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</b>		
Depreciation	176,038	191,127
<b>Change in Assets and Liabilities</b>		
Accounts Receivable	19,075	6,314
Prepaid Expenses and Other Current Assets	(2,686)	18,665
Accounts Payable	56,411	(38,119)
Accrued Expenses and other liabilities	(12,674)	12,385
Post Retirement Benefits Obligation	81,812	148,848
Net Cash Provided by (used for) Operating Activities	\$ 10,762	\$ 509,679

See accompanying notes to basic financial statements.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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, 2015**

**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, 2015 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, 2015**

**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, 2015**

**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, 2015 and 2014 are classified in the accompanying financial statements as follows:

**Statement of Net Position**

	2015	2014
Cash and Investments	\$ 1,290,355	\$ 1,526,679

Cash and investments as of June 30, 2014 and 2013 consist of the following:

Cash on Hand	\$ 125	\$ 125
Deposits with Financial Institutions	1,128,138	1,364,857
Local Agency Investment Fund	162,092	161,697
Total Cash and Investments	\$ 1,290,355	\$ 1,526,679



**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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>\$ 162,092</u>	7.92 months average maturity
Total	<u><u>\$ 162,092</u></u>	

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015, 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, 2015**

**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, 2015 and 2014 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	
	2015	2014
Business-Type Activities		
Utility Billings	\$ 150,305	\$ 169,380
Total	\$ 150,305	\$ 169,380

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**C. Payables And Other Liabilities**

Payables at June 30, 2015 and 2014 for the District's individual major funds in the aggregate are as follows:

	<u>2015</u>	<u>2014</u>
Business-Type Activity		
Vendors	\$ 113,112	\$ 56,701
Salaries and Benefits	10,258	12,108
Accrued Compensated Absences	25,569	25,334
Interest Payable	<u>14,910</u>	<u>15,750</u>
 Total	 <u>\$ 163,849</u>	 <u>\$ 109,893</u>

**D. Capital Assets**

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

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

	<u>Balance 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 2015</u>
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	\$ 157,325	\$ -	\$ -	
Construction	<u>564,818</u>	<u>155,856</u>	<u>-</u>	<u>720,674</u>
Total Capital Assets not Depreciated	<u>722,143</u>	<u>155,856</u>	<u>-</u>	<u>720,674</u>
Capital Assets Depreciated:				
Plant	7,648,519	-	-	7,648,519
Equipment	724,282	-	-	724,282
Structure	420,019	-	-	420,019
Vehicles	<u>131,510</u>	<u>-</u>	<u>-</u>	<u>131,510</u>
Total Capital Assets Depreciated	8,924,330	-	-	8,924,330
Less Accumulated Depreciation	<u>(6,323,633)</u>	<u>(176,038)</u>	<u>-</u>	<u>(6,499,671)</u>
Net Capital Assets Depreciated	<u>2,600,697</u>	<u>(176,038)</u>	<u>-</u>	<u>2,424,659</u>
 Total Net Capital Assets - Business-Type Activities	 <u>\$ 3,322,840</u>	 <u>\$ (20,182)</u>	 <u>\$ -</u>	 <u>\$ 3,302,658</u>

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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:

	Water	
Business-Type Activity	2015	2014
Depreciation Expense	\$ 176,038	\$ 191,127
Total	\$ 176,038	\$ 191,127

**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
2016	68,659	50,347
2017-2021	398,487	196,544
2022-2026	508,854	86,177
2027	58,065	1,437
Total	\$ 1,034,065	\$ 334,505

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015:

	<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	\$1,099,447	\$ -	\$ (65,382)	\$1,034,065	\$ 68,659
Compensated Absences	25,334	235	-	25,569	2,556
Total Long-Term Liabilities	<u>\$1,124,781</u>	<u>\$ 235</u>	<u>\$ (65,382)</u>	<u>\$1,059,634</u>	<u>\$ 71,215</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, 2015**

**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.

<b>Obligations and Funded Status Change in Benefit Obligation</b>	<b><u>2015</u></b>
Benefit Obligation Beginning of Year	749,138
Annual Required Contribution	132,006
Interest Cost	28,958
Benefits Paid	(50,364)
Adjustment for NOO	<u>(28,788)</u>
Benefit Obligation End of Year	<u>\$ 830,950</u>

**NOTE 5 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 8, 2016 the date which the financial statements were available to be issued.

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 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, 2014 (the measurement date), the active employee contribution rate is 6.880 percent of annual pay, and the average employer's contribution rate is 6.786 percent of annual payroll. 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, 2015**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 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	7.50%
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 7.50 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 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, 2015**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

Actuarially Determined Employer Contributions	Fiscal Year 2014-15
Employer Contributions (in Projected Dollars)	
Plan's Employer Normal Cost	\$18,978
Plan's Payment on Amortization Bases	3,860
Subcharge for Class 1 Benefits	
a) PRSA	2,026
Phase out of Normal Cost Difference	0
Amortization of Side Fund	(421)
Total Employer Contribution	24,443
Projected Payroll for the Contribution Fiscal Year	\$285,292
Required Employer Contributions (Percentage of Payroll)	
Plan's Net Employer Normal Cost	6.652%
Plan's Payment on Amortization Bases	1.353%
Subcharge for Class 1 Benefits	
a) PRSA	0.710%
Phase out of Normal Cost Difference	0.000%
Amortization of Side Fund	-0.148%
Total Employer Contribution Rate	8.567%

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Unfunded Accrued Liability	\$340,002	\$158,910	\$15,797

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

*Subsequent Events*

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

**PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS**

For the fiscal year ended June 30, 2015, pension expense recognized is as follows:

Service Cost:	
Covered Payroll	\$ 285,296
Contribution Rate	<u>8.567%</u>
Total Employer Contribution	24,443
Amortization of Deferred Outflows	370
Amortization of Deferred Inflows	<u>(16,958)</u>
Pension Expense Recognized	<u><u>\$ 7,855</u></u>

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

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2016	370
2017	370
2018	372

**LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

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

<u>Measurement Period Ended June 30,</u>	<u>Deferred (Inflows) of Resources</u>
2016	(\$18,340)
2017	(\$18,340)
2018	(\$18,341)

In accordance with GASB 68, a prior period adjustment was reported to record the pension related adjustments.



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, 2015, which collectively comprise Lake Don Pedro Community Services District's basic financial statements and have issued our report thereon dated January 8, 2016. 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  
January 8, 2016



## General Manager's Report Summary

February 16, 2016

### 1 Management and Administration

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- **Customer Outreach** – We are actively compiling email addresses to begin producing a regular electronic District newsletter.
- **Policies** – Staff will be dating the policy manual and will pt draft policies to the Board and committees as necessary.
- **Water Supply** – Lake McClure has risen above minimum pool of 115,000 acre feet, however the water is very muddy, so we continue to use the wells, and will revert to the lake when the turbidity subsides.
  - In March, we will review a comparison of the cost of operating the wells to the cost of operating the surface water intake
  - Staff continues to develop plans to further evaluate the District's long term water supply options. With pressure to release more from McClure, drought, limited well water available and the need to serve the future of the community, we will need to consider a comprehensive water supply evaluation
- **District Contracting** - the question and concern was raised during the January Board meeting regarding the District's contracting practices and cost. This is an item I will address in this report within the next two months to clarify and identify the cost and options available to contracting.
- **Evaluation of vehicle and equipment condition** - Due to the high workload and length of this agenda and Board packet, the evaluation of vehicles has been moved to the March 2016 Board meeting.

### 2 Finance

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- **State Grant Reimbursements** –After dozens of hours on the phone chasing our DWR reimbursement request submitted over three months ago, we have been informed the state department of Finance should cut the check by February 19, 2016, in the amount of \$204,703. We are in the process of developing additional reimbursement requests for all expenses through January 31, 2016 for each State Water Board, DWR #1 and DWR #2.



### 3 Infrastructure and Operations

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- **System Water losses** – The written loss report will be handed out at the meeting. We are addressing the high water loss rate by planning to use upcoming state grant dollars to complete the master meter upgrade project to be able to identify high water use areas, contracting for water audits and leak detection in areas identified as having higher than normal water usage rates, then prioritizing the replacement of the leaky service lines in identified leaky areas as a high priority. We may consider a large project to fund the entire service line replacement project to eliminate major leakage quickly, or depending on the leakage rate, water levels in McClure, well performance and cash available; we could consider constructing service replacements on a pay as you go basis.
- **System evaluation** – staff is aggressively documenting all components of the water system, vehicles and equipment. In addition, a comprehensive spreadsheet is being prepared to detail the hours, skills and certifications necessary to properly operate and maintain the system. This document is intended to serve as the foundation for decision making as it relates to number of employees, their skills and certifications required, training needs, and when we may want to consider contracting out.



# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 5. CONSENT AGENDA:

Items 5a through 5c

#### **Background**

The following three consent agenda items are presented for your review, information and approval in a single motion. In the event that the Board wishes to discuss an item on the consent agenda separately, please request that the President pull the item, and the Board can vote on the remaining items under a single motion, then take up discussion and approval of the pulled item.

A motion to approve the Consent Agenda as presented will complete the following actions:

1. Accept the Treasurer's Report and authorize the General Manager to sign for the file
2. Approve the meeting minutes
3. Approve the emergency construction resolution

#### **Recommended Motion**

Motion to approve the Consent Agenda as presented.

**LAKE DON PEDRO  
COMMUNITY SERVICES DISTRICT**

Treasurer's Report

Reporting Period: January 2016

The district ended the month of January 2016 with the following balances in our accounts:  
\* All bank accounts verified against bank statements

	Restricted:				
	Investment - LAIF	\$	162,487		
	Total Restricted:	\$	162,487		
	Unrestricted:				
	Checking	\$	80,751		
	Money Market - Working Capital	\$	351,126		
	Petty Cash	\$	125		
	Total Unrestricted:	\$	432,002		
	Total Restricted & Unrestricted:	\$	594,489		

The district ended January 2016 with the following amounts affecting our financial status:

	Sales & Business Revenue:	\$	106,939	\$	796,192
	Total Operating Expenses:	\$	(88,568)	\$	(617,861)
	Non-Operating Income/Expense:	\$	(13,679)	\$	(116,622)
	Water Drought Income/Expense:	\$	(39,144)	\$	(475,378)
	Change in Net Assets (P&L):	\$	(34,452)	\$	(413,669)
	Net Cash Flow:	\$	(38,593)	\$	(695,866)

Year to Date Jan-2016

**Accounts Receivable:**

	Utility	Availability	A/R	A/R	A/R	A/R Water
Current	\$ 27,266	\$ -	\$ -	\$ 90,231	\$ -	\$ -
< 30 Days	\$ 174	\$ -	\$ -	\$ -	\$ -	\$ -
< 60 Days	\$ 9,985	\$ -	\$ -	\$ -	\$ 204,703	\$ -
< 90 Days	\$ 522	\$ -	\$ 74	\$ -	\$ -	\$ -
> 120 Days	\$ 16,135	\$ 189,552	\$ 5,250	\$ -	\$ -	\$ -
Credits	\$ (11,403)					
Total	\$ 42,679	\$ 189,552	\$ 5,324	\$ 90,231	\$ 204,703	\$ 204,703
Total Combined	\$ 322,462	\$ -	\$ 5,324	\$ -	\$ -	\$ -
G/L Balance	\$ 322,462	\$ -	\$ 5,324	\$ -	\$ -	\$ -
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Amount of availability payments received: \$105,397						
* Amount of availability payments outstanding: \$84,155						

**Accounts Payables:**

	A/P Trade	A/P Accruals	A/P Water
Current	\$ 102,814	\$ -	\$ 5,000
< 30 Days	\$ -	\$ -	\$ -
< 60 Days	\$ -	\$ -	\$ -
> 90 Days	\$ -	\$ -	\$ -
Credits	\$ -	\$ -	\$ -
Total	\$ 102,814	\$ -	\$ 5,000
G/L Balance	\$ 102,814	\$ -	\$ 5,000
Difference	\$ -	\$ -	\$ -
Payable Time Frame			
A/P Trade			
A/P Accruals			
A/P Water			
Accrual			

Statement of Revenues and Expenses (P&L)  
January 2016 & Year-To-Date Versus 6/30/16 Budget

Revenue	Jan-16	Jan vs Budget %	2015-2016 YTD	YTD vs Budget %	2015-2016 Prop. Budget	Remaining Budget
01-0-3010-301 Meter Reconnection Fee	-	0.00%	-	0.00%	1,000	1,000
01-0-3010-302 Donated Capital - Meters Current	-	0.00%	5,000	33.33%	15,000	10,000
01-0-4010-400 Water Sales Residential	11,612	5.16%	131,212	58.32%	225,000	93,788
01-0-4010-402 Water Availability Revenue	15,643	8.23%	110,247	58.02%	190,000	79,753
01-0-4010-403 Water Service Charges	78,335	8.33%	547,544	58.25%	940,000	392,456
01-0-4020-410 Interest Income - LAIF	150	42.93%	395	112.98%	350	(45)
01-0-4020-413 Int Inc Penalties - Customer	1,568	7.13%	12,960	58.91%	22,000	9,040
01-0-4020-414 Transfer Fee Income	350	4.67%	3,900	52.00%	7,500	3,600
01-0-4020-415 Other Income	302	2.08%	2,085	14.38%	14,500	12,415
01-0-4020-416 Meter Set Fee	1,000	25.00%	2,000	50.00%	4,000	2,000
01-0-4020-417 Interest Income Guaranty Fed	4	1.44%	92	30.62%	300	208
01-0-4020-901 Hydrant Rental	-	0.00%	-	0.00%	100	100
01-0-4020-902 Hydrant Consumption	-	0.00%	-	0.00%	700	700
01-0-4020-999 Avail Fee Income	-	0.00%	1,290	99.23%	1,300	10
01-0-4040-100 Lease Fee	1,800	8.33%	12,600	58.33%	21,600	9,000
01-0-4050-575 Office Fire Reimbursement	-	0.00%	-	0.00%	32,000	32,000
Transfer From Reserve	-	-	-	-	44,499	-
<b>TOTAL REVENUE</b>	<b>110,764</b>	<b>7.29%</b>	<b>829,325</b>	<b>54.57%</b>	<b>1,519,849</b>	<b>690,524</b>
01-1-5010-100 Regular Pay - Plant	6,922	5.56%	71,721	57.61%	124,500	52,779
01-1-5010-101 Overtime Pay	2,206	11.03%	12,233	61.17%	20,000	7,767
01-1-5010-102 Sick Pay	308	6.04%	2,693	52.80%	5,100	2,407
01-1-5010-104 Vacation Pay	1,715	23.82%	7,124	98.95%	7,200	76
01-1-5010-105 Holiday Pay	1,608	22.03%	5,115	70.07%	7,300	2,185
01-1-5010-200 PERS	779	7.20%	6,385	59.00%	10,822	4,437
01-1-5010-201 FICA/Medicare	1,473	11.73%	8,061	64.21%	12,554	4,493
01-1-5010-202 SUI	791	60.76%	791	60.76%	1,302	511
01-1-5010-203 Health Insurance	3,895	8.78%	26,274	59.22%	44,364	18,090
01-1-5010-204 Workers Compensation	503	5.42%	4,320	46.60%	9,272	4,952
01-1-5010-206 Dental Insurance	390	8.34%	2,731	58.36%	4,680	1,949
01-1-5010-207 Vision Care	-	0.00%	-	0.00%	300	300
01-1-5010-546 Travel, Meetings & Mileage	-	0.00%	38	3.85%	1,000	962
01-1-5020-501 Lease Of Equipment	-	0.00%	-	0.00%	1,000	1,000
01-1-5020-510 Repair & Maintenance - Plant	266	1.24%	10,024	46.84%	21,400	11,376
01-1-5020-511 Repair & Maintenance - Vehicle	2,958	23.11%	12,588	98.34%	12,800	212
01-1-5020-512 Repair & Maintenance - Distribution	13,817	29.40%	46,592	99.13%	47,000	408
01-1-5020-515 R&M Transmission - Intake	-	0.00%	-	0.00%	5,000	5,000
01-1-5020-518 R&M Transmission - 10" Irrigation	-	0.00%	-	0.00%	2,000	2,000
01-1-5020-520 Small Tools & Equipment	-	0.00%	123	2.46%	5,000	4,877
01-1-5020-522 Gas, Oil & Lubricant - Plant	879	4.14%	9,243	43.52%	21,240	11,997
01-1-5020-524 Health & Safety	2,414	40.23%	3,602	60.04%	6,000	2,398
01-1-5020-529 Telephone - T & D	743	14.29%	4,645	89.33%	5,200	555
01-1-5020-544 Water Testing Fees	-	0.00%	7,440	60.00%	12,400	4,960
01-1-5020-545 Water System Fees	-	0.00%	8,863	47.14%	18,800	9,937
01-1-5020-548 Water Testing Materials	-	0.00%	7	1.08%	688	681
01-1-5021-521 Water Treatment Chemicals	672	1.43%	28,940	61.48%	47,075	18,135
01-1-5021-524 P G & E Power - Office	170	7.48%	1,639	72.08%	2,274	635
01-1-5021-525 P G & E Power - Intake	3,247	3.66%	47,565	53.66%	88,639	41,074
01-1-5021-526 P G & E Power - Well	1,292	17.47%	6,089	82.35%	7,394	1,305
01-1-5021-527 P G & E Power - Water Treatment	1,220	3.49%	15,544	44.45%	34,972	19,428
01-1-5021-528 P G & E Power - Distribution	1,146	4.30%	12,328	46.21%	26,680	14,352
01-1-5021-529 P G & E Power - Well 2	-	0.00%	-	0.00%	4,000	4,000
01-1-5021-530 P G & E Power - Medina	-	0.00%	-	0.00%	4,000	4,000
01-1-5021-531 P G & E Power - Well 5/6	-	0.00%	-	0.00%	4,000	4,000
01-1-5021-561 Purchased Water Actual-mid-p	2,934	3.63%	32,934	40.71%	80,900	47,966
01-1-5023-533 Outside Services	253	7.68%	887	26.88%	3,300	2,413



Account #	Account	2014-2015 YTD	2015-2016 YTD	Activity from Inception	Total Budget	Budget vs YTD %	Prop. Budget	Remaining Budget
01-1-5020-535	Water Supply Emergency 2014	4,162	19.82%	107,355	21,000	511.22%		(86,355)
01-9-6030-584	Well 2	5,168	1.32%	156,910	392,760	39.95%		235,850
01-9-6030-585	Medina Well	10,189	1.70%	369,363	599,950	61.57%		230,587
01-9-6030-586	Well 3/4	-	0.00%	57,951	257,000	22.55%		199,049
01-9-6030-587	Well 5	19,625	5.95%	138,165	329,820	41.89%		191,655
01-9-6030-588	Well 6	-	0.00%	8,577	329,820	2.60%		321,243
01-9-6030-589	Grant Application Services	-	0.00%	79,907	80,000	99.88%		93
01-9-6030-590	NBS rate evaluation	-	0.00%	-	54,000	0.00%		54,000
<b>TOTAL EMERGENCY PROJECTS</b>								
		39,144	1.90%	918,228	2,064,350	44.48%		1,146,122
01-1-5020-535	Water Supply Emergency 2014	(39,144)	8.74%	(475,378)	(447,710)	106.18%		27,668
	<b>Net Income / (Loss) From Water Emergency</b>							
	<b>Total Revenue</b>	110,764	3.53%	1,272,174	3,136,489	40.56%		1,864,315
	<b>Total Expense</b>	145,216	3.99%	1,685,843	3,637,772	46.34%		1,951,929
	<b>Net Income / (Loss)</b>	(34,452)	6.87%	(413,669)	(501,283)	82.52%		(87,614)
* Total income and expenses are different from the Statement of Revenue & Expenses due to how the finance and non-operating income are combined. Net income is identical.								
* Bad Debt - invoice available upon request.								
* Year to date misc expense includes a \$5,391 CalPERS payment to be allocated by auditors FYE 6/30/16.								
<b>Recap of water drought related projects to show remaining budget amounts:</b>								
	<b>Activity from Inception</b>	<b>2015-2016 YTD</b>	<b>2014-2015 YTD</b>	<b>Total Budget</b>	<b>Budget Remaining</b>			
01-9-6030-584	Water Supply Emergency 2014	132,505	107,355	239,860	21,000	(218,860)		
01-9-6030-584	Well 2	142,298	156,910	299,208	392,760	93,552		
01-9-6030-585	Medina Well	32,328	369,363	401,691	599,950	198,259		
01-9-6030-586	Well 3/4	66,152	57,951	124,103	257,000	132,897		
01-9-6030-587	Well 5	-	138,165	138,165	329,820	191,655		
01-9-6030-588	Well 6	-	8,577	8,577	329,820	321,243		
01-9-6030-589	Grant Application Services	-	79,907	79,907	80,000	93		
01-9-6030-590	NBS rate evaluation	-	-	-	54,000	54,000		
	<b>Jan-16 vs Budget %</b>	<b>2015-2016 YTD</b>	<b>2014-2015 YTD</b>	<b>Budget vs YTD %</b>	<b>Prop. Budget</b>	<b>Remaining Budget</b>		
		6.74%	767,615	48.79%	1,573,422	805,807		
	<b>Net Income / (Loss) Before Water Drought Activity</b>	4,692	-8.76%	61,710	(53,573)	(115,283)		
	<b>Total Expense Before Water Drought Activity</b>	106,072	6.74%	767,615	1,573,422	805,807		

**LDPDSD Financials**

**Asset :**

\$ 594,489	Cash and investments
\$ -	Restricted cash
\$ 143,409	Accts Receivable net of res
\$ 204,703	Water Drought Receivable
\$ 69,931	Inventory
\$ 18,246	Prpd expense & deposits
\$ 1,112	Deferred Outflow of Resources
\$ 9,081,656	Property, plant & equipment
\$ (6,597,283)	less depreciation
\$ 892,663	C I P
\$ 3,377,036	Net P P & E
\$ 4,408,926	Total Assets
\$ 102,815	Liabilities:
\$ 18,560	Accounts payable
\$ 5,000	Interest payable
\$ 70,358	Water Accrual
\$ 196,733	L T debt, current
\$ 830,950	L T debt
\$ 188,741	Post Retirement Benefit
\$ 56,405	Net Pension Liability
\$ 1,000,155	Deferred Inflow of Resources
\$ (70,358)	Muni Loan
\$ 2,202,626	less current above
\$ 2,202,626	Total Liabilities
\$ 2,206,300	Net assets
\$ 4,408,926	Total liab & net ass't

**Statement of Net Assets (Balance Sheet)**  
**for the month ending January 31, 2016**

Vendor	000004	000012	000059	000065	000076	000091	000094	000105	000118	000121	0001226	000136	000162	000165	000203	000263	0003221	000383	000550	000564	000606	000623	00071	014384	101000	101021	10107	12344321	660108	702	991	UB*10427	UB*10428	UB*10429						
Dept. of Housing-Community Dev	96.00	540.00	537.30	465.50	467.77	702.14	19,801.69	7,396.31	32.00	1,950.00	293.14	882.98	360.00	7,830.75	4,014.37	672.19	18,110.00	518.77	100.00	253.44	10,724.20	20.00	219.00	23,425.00	50.50	2,394.00	2,419.70	27.36	327.22	2,442.00	1,103.86	101.50	92.70	203.00						
AQUA LAB																																								
MARIPOSA GAZETTE																																								
KKI CORPORATION																																								
USPS																																								
VALERO MARKETING & SUPPLY																																								
USA BlueBook																																								
PACIFIC GAS & ELECTRIC																																								
D & D PEST CONTROL *																																								
UNION DEMOCRAT*																																								
McCoy Passenger Tire Co																																								
AT&T																																								
Deluxe Business Checks																																								
ACWA/JPIA																																								
GRISWOLD, LASALLE, COBB, DOWD																																								
Brenntag																																								
KAMPA COMMUNITY SOLUTIONS LLC																																								
BUSINESS CARD																																								
LUIS HOUSEKEEPING / YARDS																																								
TOTAL WASTE SYSTEMS MARIPOSA																																								
BARRY ELECTRIC																																								
MOUNTAIN ALARM INC																																								
Mother Lode Answering Service																																								
CANEPA AND SONS INC																																								
Sierra Telephone																																								
Flecnatics																																								
HD Supply Water Works, LTD																																								
American Messaging																																								
VERIZON WIRELESS																																								
Warmdam CPA Group																																								
TWEEDY TIRE SERVICE																																								
MR/MRS JAMES DEAN																																								
LANCE REINKE																																								
MR. & MRS. PETER AVALOS																																								

Report Total:

108,574.39

Check Amount



## Special Meeting Minutes of the Board of Directors

9751 Merced Falls Road  
January 21, 2016, 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.*

**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 1:02 p.m.

Directors present: Johnson, Ross, Hankemeier, Sult, and Warren

Also present: IGM P. Kampa

Also present: Staff S. Marchesiello

**2. PUBLIC COMMENT:**

*Two public members spoke. One public comment was read by Director Ross via email*

**3. PRESENTATION ONLY:**

a. Presiding Officer's Report

*President Johnson gave an oral report: He commented the community meeting held January 13th went well. He thought the community appreciated the information provided. He is glad we have the wells in place and the lake levels are rising. He knows there have been concerns regarding the wells, the infrastructure, and the challenges. He stated it was scary due to the aquifers and rocks we have to drill through, but we still have water and we have been on the wells for a month. He thinks the wells were a great investment. He also added a person in the public commented to him regarding the taste of the water.*

b. Interim Manager's Report: Peter J. Kampa

*Presented by IGM P. Kampa*

c. Chief Plant Operator's Report: R. Gilgo

*Presented by IGM 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 December 2015 Treasurer's Report

b. Approval of the Minutes - Special Board Meeting December 11, 2015

c. Approval of the Minutes - Special Board Meeting January 13, 2016

**Motion: To approve the consent calendar**

**Votes: Carried 5-0**

**First: Hankemeier Second: Ross**

**Ayes: Hankemeier, Ross, Warren, Sult, and Johnson**

**Nays: None**

**5. DISCUSSION AND ACTION ITEMS:**

- a. Approval of a Resolution extending the drought emergency declaration in accordance with the California Public Contract Code.

**Motion: To approve the recommended motion to approve resolution xxxx extending the emergency declaration pursuant to public contract code section 22035 and 22050, related to continuing with emergency water supply construction projects without public bidding as presented**

**Votes: Carried 5-0**

**First: Hankemeier      Second: Ross**

**Ayes: Hankemeier, Ross, Warren, Sult, and Johnson**

**Nays: None**

- b. Review of the current Emergency Groundwater Well Project budget report and schedule.

**Consensus of the board to defer this item to a later date**

- c. Approval of a Resolution amending the 2015/16 fiscal year budget to reflect the updated Emergency Groundwater Well Project costs and funding.

**Consensus of the board to defer this item to a later date**

- d. Review of the results of the recently completed Customer Service Survey.

**The customer service survey results were presented by IGM P. Kamp. Please see attached**

- e. Approval of the District's draft 2015 Strategic Plan as drafted and amended at the October, November and December 2015 Board meetings.

**Motion: To approve the strategic plan with costs specified within the current budget amount and anything exceeding that amount will be approved by the board.**

**Votes: Carried 4-1**

**First: Warren      Second: Sult**

**Ayes: Warren, Sult, Hankemeier, and Johnson**

**Nays: Ross**

**6. DIRECTORS COMMENTS:**

**Warren** – Commented he would like to know ‘if we were operating on our wells and the lake level was at minimum pool and we had a major fire emergency and a lot of water was used, can we turn the pumps back on and use lake water?’

**Hankemeier** – Commented he would like to see a balance sheet in our financial reporting

**Johnson** – Commented on items he would like to see on the next agenda. These include, the resolution for the outside place of use, revisit committee assignments, he wanted to hear that Wes Barton receives answers to his questions, leaks in regards to ‘if we have substantial leaks and we are on the wells, can we keep up’, a report showing our electric cost on the wells compared to water pumped from intake, a report on the vehicles, what options we have and a copy of the vehicle policy.

**7. ADJOURNMENT: 3:37 p.m.**

Respectfully submitted by,

S. Marchesiello  
Board Secretary

# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 5. CONSENT AGENDA:

- c. Approval of a Resolution extending the Emergency Declaration Pursuant to Public Contract Code Sections 22035 and 22050, Related to Continuing with Emergency Water Supply Construction Projects without Public Bidding

#### **Background**

In March 2015, the Board adopted Resolution 2015-13, as required by the California Public Contract Code to avoid the time delays of competitive bidding and related administrative work. In order to continue our emergency exemption, the Board must find an ongoing need for emergency declaration. Due to the information presented in the resolution, we strongly recommend that the Board extend the emergency declaration by adopting the attached resolution.

#### **Recommended Motion**

Motion to approve the Resolution \_\_\_\_ extending the Emergency Declaration Pursuant to Public Contract Code Sections 22035 and 22050, Related to Continuing with Emergency Water Supply Construction Projects without Public Bidding as presented.

**RESOLUTION NO. 2016-\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
EXTENDING THE EMERGENCY DECLARATION PURSUANT TO  
PUBLIC CONTRACT CODE §§ 22035 AND 22050**

The Board of Directors of the Lake Don Pedro Community Services District does hereby find:

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, prior hereto, the District has adopted Resolution Nos. 2014-02 on February 18, 2014 and Resolution 2014-09, on December 3, 2014 respectively (the “Resolutions”); and

WHEREAS, the Resolutions established water conservation measures in response to the Governor’s drought and state of emergency proclamations of January 17, 2014 and April 25, 2014; and

WHEREAS, the District has determined that the remaining water supply in Lake McClure is inadequate to meet domestic, sanitation and fire protection purposes for the foreseeable future (declarations in Resolutions 2014-02, 2014-09 and 2015-15); and

WHEREAS, the Merced Irrigation District (MID) has notified the District that the current Temporary Urgency Petition approved by the State Water Resources Control Board (SWRCB) and Federal Energy Regulatory Commission (FERC) allowing the District to divert water from Lake McClure below minimum pool of 115,000 acre feet will expire December 31, 2015; and

WHEREAS, state and federal restrictions have prohibited the District from pumping water from its primary Lake McClure water supply beginning on December 31, 2015 and extending until the reservoir storage rises above 115,000 acre feet; and

WHEREAS, the District’ current water supply is only derived from the emergency wells, which are in various stages of construction, with additional construction work required to be completed as quickly as possible to allow for continuous temporary use of the new wells as the sole water supply of the District until Lake McClure has recovered; and

WHEREAS, completion of construction on the wells, including final power supply, electrical and SCADA controls, permanent piping, meter and vault installation, valves and final

easement acquisition could take an additional 60 to 90 days; and

WHEREAS, development of plans, specifications, notices, public bidding and other administrative requirements of the Public Contract Code needed for public bidding of the remaining well construction work will extend the construction by an additional 90 to 120 days or longer; and

WHEREAS, completion of construction of the projects is immediately needed on an emergency basis to avoid a water supply outage and health and safety crisis in the community; and

WHEREAS, in January 2015, the District Board took action for the District to become subject to the Uniform Construction Cost Accounting Act (UCCAA), set out at Public Contract Code §§ 22000-22045; and

WHEREAS, Public Contract Code § 22035 provides that in cases of emergency the District Board, as the governing body of the District, may (and upon compliance with Public Contract Code § 22050) proceed without giving notice of bids to let contracts; and

WHEREAS, Public Contract Code § 22035 also provides that the governing body may delegate to the appropriate agency manager the power to declare an emergency and/or proceed with repairs or replacements without approval by the Board; and

WHEREAS, Public Contract Code § 22050 provides contracting procedures without giving notice for bids to let contracts for these emergencies; and

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, BE IT RESOLVED by the Board of Directors of the Lake Don Pedro Community Services District, that the District hereby adopts the following to be effective immediately and throughout the duration of the water supply emergency:

1. All findings in Resolutions 2014-02, 2014-09 and 2015-15 are incorporated herein.
2. All of the foregoing recitals are true and correct, and are incorporated herein.
3. The emergency conditions and needs declared in Resolution 2015-13 remain in effect and are extended by adoption of this Resolution.
4. The Board finds on the basis of the foregoing, including all matter incorporated by reference in the foregoing, that a continuing grave water supply emergency is facing the District such that the time required for the notice and advertisement for public bids would preclude timely action by the District to secure an alternate or supplemental water supply before the District's Lake McClure supply is not available due to drought, low water levels and regulatory requirements on governing water use from Lake McClure.
5. The Board finds that due to the water supply emergency, that pursuant to Public Contract Code § 22035, public bidding to let contracts to secure an alternate or supplemental water

- supply will not be given.
6. The Board further finds that due to the water supply emergency, that pursuant to Public Contract Code § 22050, public bidding to let contracts to secure an alternate or supplemental water supply will not be given, in that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency.
  7. The Board, pursuant to Public Contract Code § 22050(b), hereby delegates to the District General Manager the authority to order any action pursuant to Public Contract Code §22050(a)(1).
  8. The Board shall review the above emergency action pursuant to the requirements of Public Contract Code § 22050(c).
  9. This Resolution is effective immediately upon its adoption.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Lake Don Pedro Community Services District on February 16, 2016, 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 acting 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 the District office at 9751

Merced Falls Road, La Grange, CA 95239, on February 16, 2016.

DATED:

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Syndie Marchesiello, Secretary



# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 6. DISCUSSION AND ACTION ITEMS:

- a. Approval of a Resolution revising Board Policy regarding Committees of the Board of Directors

#### **Background**

The current Board policy regarding the Committees of the Board contains several contradicting provisions and also lists advisory committees which, according to the Brown Act, are to be created for a single purpose and abolished upon providing their final report. With the committees listed in the existing policy document, it appears as though they are ongoing committees, which are considered Standing Committees under law.

During discussion of creation of committees for 2016 and appointment of members, the Board president and General Manager have recommended proposed revisions to the current policy. Both the existing policy, shown with language crossed out, and the new proposed policy are contained in this packet. Policies are best revised by Resolution, so one is also included for your consideration.

#### **Recommended Motion**

I move to approve Resolution \_\_\_\_, 2016, revising Board policy regarding committees of the Board of Directors.

# LAKE DON PEDRO COMMUNITY SERVICES DISTRICT

## Policy and Procedures Manual

### EXISTING POLICY, TO BE REPLACED

~~POLICY TITLE: Committees of the Board of Directors~~

~~POLICY NUMBER: 4060~~

~~4060.10 The President of the Board shall appoint such ad hoc committees as may be deemed necessary or advisable by himself/herself and/or the Board. The duties of the ad hoc committees shall be outlined at the time of appointment, and the committee shall be considered dissolved when its final report has been made.~~

~~4060.20 The following may be either standing committees or ad hoc committees of the Board.~~

~~STANDING COMMITTEES:~~

~~4060.21 Finance Committee~~

~~4060.22 Operations Committee~~

~~4060.23 Public Relations Committee~~

~~4060.24 Personnel Committee~~

~~AD-HOC COMMITTEES:~~

~~4060.25 Long Range Benefits~~

~~ADVISORY COMMITTEES:~~

~~4060.26 MID Committee~~

~~4060.27 South Shore Committee~~

~~4060.30 After determining to establish a committee, the Board shall decide that the committee will be either a standing or ad hoc committee. The President of the Board shall appoint and publicly announce the members of the committee.~~

~~4060.31 The Board's committees may be assigned to review District functions, activities, and/or operations pertaining to their designated concerns, as specified below. Said assignment may be made by the President of the Board, or a majority vote of the Board. Any recommendations resulting from said review should be submitted to the Board via a written or oral report.~~

~~4060.41 All meetings of standing committees shall conform to all open meeting laws (e.g., "Brown Act") that pertain to regular meetings of the Board of Directors.~~

~~4060.50 The Board's Planning Committee shall be concerned with the formulation of plans~~

~~—for arranging, realizing, and/or achieving District goals.~~

~~**4060.60**—The Board' Ordinance Committee shall be concerned with proposed ordinances, resolutions and/or District policies, except those pertaining specifically to personnel.~~

~~**4060.70**—The Board's Personnel Committee shall be concerned with the functions, activities, operations, compensation, and welfare of District staff.~~

~~**4060.80**—The Board's Finance Committee shall be concerned with the financial management of the District, including the preparation of an annual budget and major expenditures.~~

~~**4060.90**—The Board's Public Information Committee shall be concerned with assuring that information regarding the affairs of the District is adequately and appropriately communicated to its constituents and the public at large.~~

**RESOLUTION NO. 2016-\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
REVISING BOARD POLICY REGARDING COMMITTEES OF THE BOARD OF  
DIRECTORS**

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 Board of Directors is responsible to adopt policy to govern its meetings and to direct management in conducting the day to day affairs of the District; and

WHEREAS, the District regularly adopts new policies and amends its existing policies as needed to clearly articulate the expectations of the Board; and

WHEREAS, the District has previously adopted a policy detailing the roles and responsibilities of the various committees of the Board of Directors; and

WHEREAS, the Board desires to amend said committee policy for clarity, compliance with current laws, codes and standards; and

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, BE IT RESOLVED by the Board of Directors of the Lake Don Pedro Community Services District, that the District hereby adopts and immediately implements the amended policy regarding Committees of the Board of Directors attached hereto and contained herein.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Lake Don Pedro Community Services District on February 16, 2016, 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 acting 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 the District office at 9751 Merced Falls Road, La Grange, CA 95239, on February 16, 2016.

DATED: February 16, 2016.

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Syndie Marchesiello, Secretary

# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 6. DISCUSSION AND ACTION ITEMS:

- a. Confirmation of the Board President's Standing Committee appointments for the 2016 calendar year.

#### **Background**

Board policy delegates the responsibility for committee assignments to the Board President, with his/her recommendations to be confirmed by the Board. The role and responsibility of the various Board committees is outlined in Board Policy 4060. President Johnson has developed the following standing committee assignments based on the interests and strengths of the directors. President Johnson presents this proposal as a draft subject to Board comment and suggestions.

The following are standing committees that will conduct their meetings in compliance with the Brown Act:

- **Planning: Hankemeier/Johnson**  
The Planning Committee shall be concerned with the formulation of plans for arranging, realizing, and/or achieving District goals.
- **Ordinance: Ross/Warren**  
The Ordinance Committee shall be concerned with proposed ordinances, resolutions and/or District policies, except those pertaining specifically to personnel.
- **Personnel: Sult/Johnson**  
The Personnel Committee shall be concerned with the functions, activities, operations, compensation and welfare of District staff.
- **Finance: Hankemeier/Warren**  
The Finance Committee shall be concerned with the financial management of the District, including the preparation of an annual budget and major expenditures.
- **Public Information: Ross/Sult**  
The Public Information Committee shall be concerned with assuring that information regarding the affairs of the District is adequately and appropriately communicated to its constituents and the public at large.

#### **Recommended Motion**

I move to confirm the appointment of the Board committees as presented by the Board President.

# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 6. DISCUSSION AND ACTION ITEMS:

- c. Approval of a Resolution rescinding previous Resolution 2013-4, a Resolution that prohibited the commitment of water supplies to properties with LDPCSD water service available, but located outside of the boundaries of Merced Irrigation District's Lake McClure water supply Place of Use.

#### **Background**

President Danny Johnson has requested that the Board once again consider rescission of Resolution 2013-4, which was adopted to prohibit additional connections outside the MID Place of Use, as defined in the attached draft resolution.

At the meeting you will be provided a map or list showing the properties to be affected by this action; those within the District boundaries and charged a standby fee, but located outside the MID Place of Use.

Due to the fact that no impact on available water supplies is expected by adoption of the attached Resolution, staff recommends rescission of Resolution 2013-4.

#### **Recommended Motion**

I move to approve Resolution 2016-\_\_\_\_, rescinding Resolution 2013-4.

**TO BE RESCINDED 2-16-16**

**RESOLUTION NO. 2013-4**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE  
DON PEDRO COMMUNITY SERVICES DISTRICT REGARDING  
DISTRICT POLICY NOT TO SUPPLY WATER TO NEW USES  
OUTSIDE THE BOUNDARIES OF THE DISTRICT OR OUTSIDE THE  
AUTHORIZED PLACE OF USE OF MERCED IRRIGATION DISTRICT  
WATER RIGHT LICENSE 11395**

The Board of Directors of the Lake Don Pedro Community Services District does hereby find:

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 receives water from Lake McClure on the Merced River; and

WHEREAS, said water is supplied to the District by Merced Irrigation District (MID); and

WHEREAS, MID holds water right License 11395 issued by the State Water Resources Control Board; and

WHEREAS, water received by the District from MID is subject to all conditions imposed on L 11395, including limits on the place of use (POU) of the water; and

WHEREAS, the District has a groundwater well located on Ranchito Road (the Ranchito Well); and

WHEREAS, the District supplies water from the Ranchito Well to approximately 36 water users outside the POU some of whom are also outside the boundaries of the District; and

WHEREAS, the District’s Engineer has determined that the Ranchito Well cannot supply any more uses than those it currently supplies; and

WHEREAS, the District does not have jurisdiction over the annexation into or detachment of territory from the District; and

WHEREAS, the District’s boundaries and the annexation into and detachment of territory from the District are under the jurisdiction of the Mariposa County Local Agency Formation



Commission (LAFCO); and

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, BE IT RESOLVED by the Board of Directors of the Lake Don Pedro Community Services District hereby adopts the following policies:


- 1 No new water connections will be approved where the water will be used outside the POU.
- 2 No new water connections will be approved where the water will be used outside the District's boundaries. WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Lake Don Pedro Community Services District on July 15, 2013, by the following vote:

Votes: Carried 3-1-1

Ayes: (3) Day, Afanasiev and, Richardson


Nays: (1) Ross

Abstain: (1) Johnson

 , President, Board of Directors ATTEST:

 , ACTING SECRETARY

CERTIFICATE OF SECRETARY

I,  , the duly appointed and acting 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 Regular Meeting of the Board of Directors of the Lake Don Pedro Community Services District, duly called and held at the District office at , Merced Falls Road, on July 15, 2013.

DATED: July 15, 2013.

 , ACTING SECRETARY

**RESOLUTION NO. 2016-\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LAKE DON PEDRO COMMUNITY SERVICES DISTRICT  
RESCINDING PREVIOUS RESOLUTION 2013-04, A RESOLUTION THAT  
PROHIBITED THE COMMITMENT OF WATER SUPPLIES TO CONNECTIONS  
OUTSIDE THE MID PLACE OF USE**

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 provides water service to parcels within its boundaries, most of which are located within the geographic boundary described as the Place of Use (referred to herein as Place of Use) designated for consumptive use of water from Lake McClure under Merced Irrigation District’s (MID) various permits and entitlements; and

WHEREAS, a number of the existing active and inactive connections to the District water system are located outside the Lake McClure Place of Use, and are therefore provided water from sources other than Lake McClure as required; and

WHEREAS, the District in 1992 constructed a groundwater well for the purpose of providing an alternate water supply to the properties located outside the Place of Use, and this well has been providing water continuously since that time; and

WHEREAS, the District conducted production testing on the 1992 well and it was determined in 2013 that the well was serving the maximum number of outside Place of Use customers possible; and

WHEREAS, the District previously adopted Resolution 2013-4 which prohibited the District from providing water service to additional new connections on properties located outside the Place of Use, when it was determined that the one existing groundwater well operated by the District lacked water production capacity to serve additional connections; and

WHEREAS, the District continues to charge the properties within its boundaries and outside the Place of Use the normal and customary Standby Fee on a per parcel, per year basis which creates the assumption that the District will provide water service to those parcels when it becomes available; and

WHEREAS, the District has undertaken an emergency groundwater well project to provide an alternate water supply in the event of continued drought and the loss of surface water in Lake McClure; and



Syndie Marchesiello, Secretary

# Lake Don Pedro Community Services District

## Special Meeting of February 16, 2016

### AGENDA SUPPORTING DATA

#### 6. DISCUSSION AND ACTION ITEMS:

- d. Staff report and discussion regarding statewide water issues including mandatory environmental water releases from dams, State Water Board water quality plans and other matters as they relate to current and future water supply for the Don Pedro community.

#### **Background**

Board member Russ Warren asked that an item be placed on the Board's agenda regarding the effect of statewide water issues on our water supply in Don Pedro. As the Board has seen with the recent drought, state water conservation mandates, and our on-again, off-again water supply available from Lake McClure, the Lake Don Pedro CSD customers are at the mercy of the state and federal water regulators when it comes to diversion and use of any surface waters in the state.

Included in this agenda is an article provided by Mr. Warren from the Manteca Bulletin dealing with water supply woes in New Melones Reservoir and detailing the fact that although we have received significantly more precipitation this year than last, the majority of that new water will never be stored in the reservoir, as a portion will evaporate and the remainder is dedicated to environmental purposes including instream flows for fish and to improve river and Sacramento-San Joaquin Delta (Delta) water quality.

There are a number of developing and recently completed water plans which will have a profound effect on the tributaries to the Delta, including the Merced River that feeds the San Joaquin River and Delta. During this agenda item, the Board will be introduced to three major Delta plans that will directly impact and reduce the amount of water stored in Lake McClure for at least three decades to come. These plans include the:

- a. Delta Plan <http://deltacouncil.ca.gov/delta-plan-0>
- b. Bay Delta Water Quality Control Plan [http://www.swrcb.ca.gov/waterrights/water\\_issues/programs/bay\\_delta/](http://www.swrcb.ca.gov/waterrights/water_issues/programs/bay_delta/), and lastly
- c. Bay Delta Habitat Conservation Plan <http://baydeltaconservationplan.com/Home.aspx>

So most would ask "We do not get our water from the Delta, so what difference does this make to Lake McClure?" The state considers MID, and consequently LDPCSD, as taking water from the Delta Watershed – water that would have otherwise been available to improve water quality in the Delta if we had not removed it from Lake McClure. Therefore, any and all licenses, permits or other entitlements to water issued must comply with every aspect of these plans, and all actions proposed must support the success of these plans. This will mean substantially more water released from McClure in the future; and a more difficult and expensive activity to get water below minimum pool, or to request lower releases.

#### **Recommended Motion**

No Board action is required on this agenda item; information only.