



**bear valley**  
**WATER DISTRICT**

**BEAR VALLEY WATER DISTRICT**

**BOARD MEETING**

**September 19, 2016 - 9 A.M.**

Conference Room

441 Creekside Drive, Bear Valley, CA 95223

Call-In Info: 605-475-5920 Access Code: 475-0045

**LOCATION 2:** 546 LUCILLE DRIVE, INCLINE VILLAGE, NV, 89451

### **DECLARATION OF A QUORUM**

James Bissell, President - Stefaniya Becking, Vice President - John Boyle, Treasurer - Ken Brown, Secretary  
Gunnar Thordarson, Member

### **BOARD MEETING**

*Public comments on agenda items will be limited to 3 minutes or otherwise at the discretion of the Board Chair.*

### **PUBLIC FORUM**

Any member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction provided the matter is not on the agenda or pending before the Board.

### **BOARD BUSINESS**

- 1. The Board will consider adoption of the July 25, 2016 Board Meeting minutes**
- 2. Operations Report – General Manager**
- 3. Investment Policies - Discussion and Possible Action Item**
- 4. Financial Report – General Manager**
  - 4.1 P&L and Balance Sheet Reports - Discussion and Possible Action Item
  - 4.2 Accounts Payable Report - Discussion and Possible Action Item
  - 4.3 A/R & Aging Reports – Discussion
  - 4.4 FY2015-16 Audit - Discussion and Possible Action Item
- 5. Board Member Reports**

Materials related to any item on this Agenda are available for public inspection in the District Office at 441 Creekside Drive, Bear Valley, CA 95223 during normal business hours. Information on materials in the agenda is also available on the Bear Valley Water District website at <http://www.bearvalleywater.org>, subject to staff's ability to post the documents before the meeting. Any material provided to the legislative body at the meeting by agency staff or a member of the legislative body will be available at the public meeting, documents provided by others will be available right after the meeting.

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42USC, #12132) and the Ralph M. Brown Act, CA Government Code # 54954.2.

Any persons requesting a disability related modification or accommodation in order to participate in the meeting should contact Judi Silber at 209-753-2112, during regular business hours, at least 72 hours prior to the meetings. All regular meetings are held on the third Monday of the month at 9:00 A.M.



## BEAR VALLEY WATER DISTRICT

BOARD MEETING

July 25, 2016 - 9 A.M.

Conference Room

441 Creekside Drive, Bear Valley, CA 95223

Call- In Info: 605-475-5920 Access Code: 475-0045

LOCATION 2: 546 LUCILLE DRIVE, INCLINE VILLAGE, NV, 89451

### DECLARATION OF A QUORUM

President James Bissell opened the board meeting at 9:12 A.M. Directors present were Vice President Stefaniya Becking, Treasurer John Boyle, Secretary Ken Brown, and Director Gunnar Thordarson. Staff present were General Manager Jeff Gouveia and Office Manager Judi Silber. Public present was John Dralla who joined the meeting after the public hearing.

### BOARD MEETING

*Public comments on agenda items will be limited to 3 minutes or otherwise at the discretion of the Board Chair.*

### PUBLIC FORUM

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### BOARD BUSINESS

#### **1. Public Hearing – Proposed Delinquent Sewer Service Fees To Be Added to 2016-17 Alpine County Tax Rolls - Discussion and Possible Action Item**

President James Bissell asked if there was a motion to open the public hearing.

Motion Boyle Second Becking

ALL AYES; MOTION CARRIED

President Bissell called the public hearing to order at 9:06 A.M. and inquired if there was any discussion on the proposed delinquent sewer service fees to be added to the Alpine County FY2016-2017 Tax Roll. There were no members of the public present. President Bissell closed the public hearing at 9:12 A.M.

#### **2. The Board will consider adoption of the June 13, 2016 Board Meeting Minutes**

Motion/Becking Second/Boyle to accept the June 13, 2016 Board Meeting Minutes with the addition of the word "grant" to section 3b of the Operations Report.

To state: Action: Seek grant funding resources to do a discharge study.

ALL AYES; MOTION CARRIED

#### **3. FY 16 – 17 Budget Update - Discussion and Possible Action Item**

GM Gouveia informed the board that he had concerns about considering replacing the baffle following a site audit with consultants from Environmental Leverage on July 20. GM started working with the group back in May. The initial lab work suggested that algae were out-competing the good bacteria in the pond. The consultants recommended a number of solutions including introducing supplemental bacteria, reducing areas of septicity and dead zones in the collection system and

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treatment pond, extending aeration time over each 24 hour period and eventually replacing the aeration/mixing system to provide more evenly distributed mixing throughout the pond.

The consultants suggested solids may be building up and creating septicity near the baffle wall. They suggested that we not add a new baffle wall but rather improve aeration and mixing.

GM recommended that we not rush into a \$60-\$70K aeration/mixing system this year but rather observe the impact of the operational changes while continuing to research the best solution.

Meanwhile, Staff will be mapping the bottom of the pond to begin to better understand where solids may have in fact built up as well as the potentially locate the inlet and outlet points in the pond.

GM originally allocated \$6K for an asset management system (AMS) but requested the Board consider \$20k in the budget for an AMS based on new information discovered while researching these systems.

Motion Brown Second Boyle/Becking to approve up to \$15K additional in the revised budget for the asset management system as well as elimination of the baffle wall project (for now) and extending further out in the 5 year budget the aeration system project.

ALL AYES; MOTION CARRIED

#### 4. Operations Report – General Manager

##### 1. Collections, Treatment, & Disposal Operations – Update

###### a. Flows – Influent Flows & Pond Transfers

The flows for July 1-24<sup>th</sup>, 2016 were 1.019 MG. .329 MG were transferred from treatment to storage.

###### b. Volumes-Storage, Capacity & Disposal

This year's volume was 56MG. The current storage volume is 26.17 MG = 34.2% on 7/24/2016.

##### 2. Permit Compliance & Monitoring & Reporting Programs (MRPs) – Update

###### a. WDR MRP – Land Discharge Permit – Compliance & Reporting Update May 2016 SMR/DMR Reporting submitted on time.

###### b. NPDES MRP – Surface Water Discharge Permit – Compliance & Reporting Unit

i. R-2011-0053 – Results of May Priority Pollutant Sampling Submitted on time June 2016.

ii. R5-2016-0054 – Notice of Adoption – June 24, 2016

iii. R5-2016-0054 – Analytical Methods Report In Progress – Due August 23, 2016

##### 3. USFS Special Use Permit – Update

###### a. Land Disposal Site Management – Addl NEPA Work Required for Downing & Burning Timber

###### i. Land Project Application

GM had a meeting with Dave Vosti of the USFS. He informed Jeff that the dead timber on the spray field land is of no value. One solution would be to get Cal Fire to come out and burn the tree piles. Which may require a NEPA review. GM will have

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to submit an application to burn the piles and a shapefile of the project area to be cut and burned. Once this data is received, the USFS will determine whether additional time and funds will be needed.

#### 4. Other

##### a. Environmental Leverage Site Consultation – Audit Operations related to Pond Health

Tracy Finnegan, Principal Consultant of Environmental Leverage determined that not much had changed in the dated sample since the previous sample was analyzed 6 weeks prior. She cited numerous reasons why this could be. Higher life forms, floc structures, filaments, and the possibility that the nutrients might not have been available when the bacteria needed them. She made several recommendations to help improve our environmental problems.

##### b. Asbestos Concrete (AC) Pipe Disposal – Republic Services Waste Disposal

There are old pipes and debris made out of asbestos that the district needs to dispose of. They will have to be loaded into a special reciprocal and taken to a special landfill. The cost to have the small load hauled off should be around \$1000.

##### c. 2016 Dam Maintenance Inspection Report

Param Dhillon from State of California Department of Water Resources came out to do the annual dam inspection. He made several recommendations or actions and acknowledged that the previous recommendations had been implemented. He requested that the district make arrangements to cycle all the controls during the next inspection.

##### d. SSMP – Fats, Oils, Grease (FOG) Program; Implemented Periodic Restaurant Grease Trap Inspections.

Staff implemented restaurant grease trap inspections. This procedure will be carried out twice a year.

#### 5. Investment Policies - Discussion and Possible Action Item

The board discussed the Investment Policy and had several recommendations. Treasurer Boyle will meet with GM Gouveia to review the recommended changes and present the modified policy at the next meeting. Item Tabled.

#### 6. Financial Report – General Manager

##### 6.1 P&L and Balance Sheet Reports - Discussion and Possible Action Item

The P&L and Balance Sheet for June 2016 were presented for information only. The Audit is scheduled for August 15<sup>th</sup> & 16<sup>th</sup>. After closing entry is made, the financials will be presented to the board for approval.

##### 6.2 Accounts Payable Report - Discussion and Possible Action Item

For Information Only.

##### 6.3 A/R & Aging Reports – Discussion

The accounts receivable balance as of July 22, 2016 was \$77,379. The new quarter invoices were mailed out on July 1, 2016.

## 7. Board Member Reports

The next board meeting was set for September 19, 2016.

President Bissell wanted to express his gratitude for all of the work with Environmental Leverage. He thinks that this is a good avenue to take, but hopes that the District doesn't have all of its eggs in one basket.

Treasurer Boyle sent GM Gouveia a note acknowledging that this has been a good year, but maybe he should go on record to express that expenses have been on or below budget, nothing has gone wrong, and the NPDES permit was renewed successfully.

President Bissell adjourned the meeting at 11:25 A.M.

# AGENDA ITEM

DATE: SEPTEMBER 19, 2016

TO: BVWD BOARD OF DIRECTORS

FROM: JEFF GOUVEIA, DISTRICT GENERAL MANAGER

RE: MONTHLY OPERATIONS REPORT

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1. Collections, Treatment & Disposal Operations - Update
  - a. Flows - Influent Flows & Pond Transfers
  - a. Volumes - Storage, Capacity & Disposal
    - i. Minimum Pool Reached on September 14 – Reservoir Empty
    - ii. Diesel Pumps Returned Ahead of Schedule – Savings on Rental Fees, Diesel Fuel From Budget
2. Permit Compliance & Monitoring & Reporting Programs (MRPs) - Update
  - a. WDR MRP - Land Discharge Permit – Compliance & Reporting Update
    - i. 1<sup>st</sup> Tri-Annual Groundwater Report - Submitted August 23
    - ii. 2<sup>nd</sup> Tri-Annual Groundwater Sampling Event – September 8
  - b. NPDES MRP – Surface Water Discharge Permit – Compliance & Reporting Update
    - i. R5-2016-0054 – Analytical Methods Report - Submitted August 10
3. USFS Special Use Permit - Update
  - a. Land Disposal Site Management – \$25k Estimate to Clean Up Dead & Dying Timber
4. Other
  - a. Lake Alpine Boat Ramp Lift Station Satellite Level Monitoring with Alarming Added – Hadronex
  - b. Ballast Pond Cellular Level & Temp Monitoring with Alarming – McCrometer + M&K Arnold – In Process
  - c. Automating Pond Transfer System with Chlorine Monitoring, Alarming and Lockout – Aqua Sierra
  - d. Removed Original 1974 Transfer Switch at Main Pump Station – Pioneer Electric
  - e. Removed 1974 Pump Controller at Main Pump Station – Aqua Sierra Control
  - f. Main Pump Station 10HP Paco Pump Service – Grundfos
  - g. Treatment Lagoon Sonar Mapping – Initial Mapping Performed, Follow Up Mapping with Sludge Judge
  - h. Annual Calibrations – Aqua Sierra – Bad Creek Transducer, Bad CL2 Gas Monitor, Bad MPS Flow & Level
  - i. Equipment House Plumbing Repairs – M&K Arnold
  - j. Access Road Maintenance – M&K Arnold
  - k. Collection Line Jetting – Express Jet
  - l. Collection Line Flushing – BVWD
  - m. Lift Station Pumping – El Dorado Septic
  - n. Collection Line Repairs – Bear Creek - M&K Arnold
  - o. Manhole Repairs – John Ebbetts Road - M&K Arnold
  - p. Solid Waste Disposal – Cal Waste



**SMR / DMR Reporting**

Facility Name: Bear Valley WWTF  
 Water Board Office: Region 5S - Sacramento  
 Reporting Level: Level II  
 Order Number: RS-2011-0053  
 Case Worker: Mohammed Farhad  
 All Electronic Date: 07/01/2012

Navigate to:  
 You are logged-in as: gmbearvalleywater. If this account does not belong to you, please log out.

To review or submit a report, select it from the list below. To change the list of reports, check the status types and/or enter start and end dates.

Show reports that meet these criteria

Status:

- Submitted - report was already submitted to water board
- In-Progress - report has been edited but not submitted
- Past Due - report deadline has passed and report has not been submitted
- Future - report due date is in the future
- Withdrawn - report has been withdrawn

Show Report Due Between: 03/14/2016 and 03/14/2017

[Refresh List](#) | [Show Calendar Year](#)

Search results:

ID	Report Name	Type	Frequency	Reporting Period	Due Date	Status	Date Received	Date Reviewed	Certified Violations	Report	Withdrawal
1003889	August 2016	MONNPDES	Monthly	08/01/2016 - 08/31/2016	10/01/2016	Future			No		
1826365	September 2016	MONNPDES	Monthly	09/01/2016 - 09/30/2016	11/01/2016	Future			No		
1003890	2016	MONNPDES	Annual	01/01/2016 - 12/31/2016	02/01/2017	Future			No		
1003883	February 2016	MONNPDES	Monthly	02/01/2016 - 02/29/2016	04/01/2016	Submitted	03/28/2016	05/06/2016	No	Download Report	
1003884	March 2016	MONNPDES	Monthly	03/01/2016 - 03/31/2016	05/01/2016	Submitted	04/26/2016	05/06/2016	No	Download Report	
1003885	April 2016	MONNPDES	Monthly	04/01/2016 - 04/30/2016	06/01/2016	Submitted	05/24/2016	09/07/2016	No	Download Report	
1003886	May 2016	MONNPDES	Monthly	05/01/2016 - 05/31/2016	07/01/2016	Submitted	06/28/2016	09/07/2016	No	Download Report	
1003887	June 2016	MONNPDES	Monthly	06/01/2016 - 06/30/2016	08/01/2016	Submitted	07/25/2016	09/07/2016	No	Download Report	
1003888	July 2016	MONNPDES	Monthly	07/01/2016 - 07/31/2016	09/01/2016	Submitted	08/23/2016	09/07/2016	No	Download Report	

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**SMR / DMR Reporting**  
 Facility Name: Bear Valley WWTF  
 Water Board Office: Region 5S - Sacramento  
 Reporting Level: Level I

Order Number: R5-2001-0208  
 Case Worker: Kenny Croyle

To review or submit a report, select it from the list below. To change the list of reports, check the status types and/or enter start and end dates.

Show reports that meet these criteria

Status:

- Submitted - report was already submitted to water board
- In-Progress - report has been edited but not submitted
- Past Due - report deadline has passed and report has not been submitted
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- Withdrawn - report has been withdrawn

Show Report Due Between: 03/14/2016 and 03/14/2017

[Refresh List](#) | [Show Calendar Year](#)

Export to Excel Show: 100 Previous 1-11 of 11 Next

ID	Report Name	Type	Frequency	Reporting Period	Due Date	Status	Date Received	Certified	Violations
1811069	August 2016	MONRPT	Monthly	08/01/2016 - 08/31/2016	10/01/2016	Future		No	
1811070	Q2 2016 (3 times per year)	GR_WATER	Quarterly	08/01/2016 - 09/30/2016	11/01/2016	Future		No	
1826262	September 2016	MONRPT	Monthly	09/01/2016 - 09/30/2016	11/01/2016	Future		No	
1720470	2016	MONRPT	Annual	01/01/2016 - 12/31/2016	02/01/2017	Future		No	
1734544	February 2016	MONRPT	Monthly	02/01/2016 - 02/29/2016	04/01/2016	Submitted	03/28/2016	No	
1752119	March 2016	MONRPT	Monthly	03/01/2016 - 03/31/2016	05/01/2016	Submitted	04/26/2016	No	
1762000	April 2016	MONRPT	Monthly	04/01/2016 - 04/30/2016	06/01/2016	Submitted	05/24/2016	No	
1775063	May 2016	MONRPT	Monthly	05/01/2016 - 05/31/2016	07/01/2016	Submitted	06/29/2016	No	
1786097	June 2016	MONRPT	Monthly	06/01/2016 - 06/30/2016	08/01/2016	Submitted	07/25/2016	No	
1762001	Q1 2016 (3 times per year)	GR_WATER	Quarterly	04/01/2016 - 07/31/2016	09/01/2016	Submitted	08/23/2016	No	
1797480	July 2016	MONRPT	Monthly	07/01/2016 - 07/31/2016	09/01/2016	Submitted	08/23/2016	No	



## INVESTMENT POLICY

This Investment Policy for the Bear Valley Water ("the District") establishes procedures that are formulated in compliance with governing provisions of law (Government Code Sections 53600 et seq.) for a prudent and systemic investment program in support of the District's overall mission. The District's General Manager shall, if so directed by the Board of Directors, periodically prepare or cause to be prepared a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board at a public meeting; (CGC 53646(a)).

This Policy covers all funds and investment activities under the direct authority of the District with the exception of deferred compensation assets.

The District's investment process and Policy is subject to annual review and evaluation at a public forum.

### OBJECTIVES

The primary objectives of the District's investment activities shall be, in order of priority:

1. Safety. The safety of principal is the foremost objective of the District's investment program. The District's investments shall be undertaken in a manner that shall strive to preserve the District's capital.
2. Liquidity - The District's secondary objective shall be to meet its liquidity needs. The investment portfolio shall maintain sufficient liquidity to enable the District to meet all operating requirements which might be reasonably anticipated.
3. Yield - Yield shall become a consideration only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk, constraints and the cash flow characteristics of the portfolio.

### ETHICS AND CONFLICTS OF INTEREST

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

### DELEGATION OF AUTHORITY

Authority of the District's Board to delegate the management of the District's investment program is derived from California Government Code Sections 53600, et seq which states:

"The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year."

Management responsibility for the investment program is hereby delegated by the Board to the General Manager, for a period of one-year, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked. Subject to review, the Board may renew the delegation of authority each year. The General Manager may delegate the day-to-day operations of investing to his/her designee(s) but not the responsibility for the overall investment program. The General Manager and/or his/her designee(s) shall make all investment decisions and transactions in strict accordance with state law and with this Policy.

If authorized by the Board, the General Manager and/or his/her designee(s) may utilize an external investment advisor to assist with investment decision-making and trade execution authority. The investment advisor shall be under the supervision of the General Manager and/or his/her designee(s) and shall follow this Policy and such other written instructions as are provided.

The General Manager, his/her designee(s) and/or the designated investment officers, acting in accordance with written procedures and policies and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **INTERNAL CONTROLS**

The General Manager and/or his/her designee(s) shall establish a system of **written internal controls** to regulate the District's investment activities, including the activities of any subordinate officials acting on behalf of the District. Procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. As part of the annual financial audit, the District's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

#### **AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

It shall be the District's policy to purchase securities only from authorized institutions and firms. ~~The General Manager and/or his/her designee(s) shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. The District shall use at least one authorized broker/dealer to advise the District on investments.~~

No deposit of public funds shall be made except in a qualified public depository as established by state laws. If an external investment advisor is authorized to conduct investment transactions on the District's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes consistent with the District's policies and existing laws.

For broker/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority or other applicable self-regulatory organizations.

**Before engaging in investment transactions with a broker/dealer, the General Manager and/or his/her designee(s) shall have received from said firm written acknowledgement attesting that the individual responsible for the District's account has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and**

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transactions to the District that are appropriate under the terms and conditions of this Investment Policy.

### **AUTHORIZED AND SUITABLE INVESTMENTS**

The type, quality and percent composition within the portfolio shall be in full compliance with Government Code Section 53601 et seq., as amended by periodic action of the State Legislature. All investment types and the limitations under this policy are listed in Appendix A.

In the event a security held by the District is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the General Manager and/or his/her designee(s) shall notify the Board of the change.

Subject to extraordinary circumstances and after review by the board, the General Manager and/or his/her designee(s) shall strive to liquidate and/or otherwise remove any such security from the District's investment portfolio in a timely manner. In some extraordinary circumstances, the District may have to accept some delays in order to minimize additional losses tied to expedited liquidation. In all cases, though, the focus should remain on avoiding loss of principal, forward-looking safety and liquidity.

### **SAFEKEEPING AND CUSTODY**

All deliverable security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the District shall be held in safekeeping by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and by the District. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) LAIF and government investment pools and, (ii) money market funds, since the purchased investments are not deliverable. Evidence of each these investments will be held by the District.

### **MAXIMUM MATURITIES**

The General Manager and/or his/her designee(s) shall maintain a system to monitor and forecast revenues and expenditures so that funds can be invested to the fullest extent possible. Maturities of investments will be selected to provide necessary liquidity, manage interest rate risk, and optimize earnings. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds.

### **REPORTING AND REVIEW**

The General Manager and/or his/her designee(s) shall maintain a complete and timely record of all investments and transactions. The General Manager and/or his/her designee(s) shall submit a monthly investment report to the District.

### APPENDIX A - INVESTMENT GUIDELINES

INSTRUMENT	OVERNIGHT	180 DAYS	270 DAYS	1 YEAR	5 YEARS	BYONDS 5 YEARS
	<b>Conventional Fixed-Income</b>  U.S. Treasuries Federal Agencies Municipal Securities Negotiable Certificates of Deposit Local Government Investment Pools (LAIF, Caltrust) Bankers' Acceptances Medium-Term Corporate Bonds ("A" or better) Asset-Backed Securities (ABS) Repurchase Agreements Money Market Funds Other Fixed Income (e.g. Hybrid Fixed Income)	Permitted	Permitted	Permitted	Permitted	Permitted
<b>Broader Fixed-Income</b>  Foreign Sovereign/Supranationals Commercial MBS High-Yield Private Placements Convertibles Non-U.S. Dollar Investment Grade Emerging Markets Debt Domestic Small/Mid Cap Domestic Large Cap Domestic Value/Growth International Small/Mid Cap International Large Cap Emerging Markets	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
<b>Equities</b>  Commodities Real Estate Hedge Funds Private Equity Venture Capital Tangible Assets	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited
<b>Alternatives</b>	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited

Source: California Government Code §53600 et seq.

**Bear Valley Water District**  
 Performance vs. Budget  
 July 2015 vs. July 2016

	Prior Year July 1 - July 31	FY 15 - 16 % Budget	Current Year July 1 - July 31	FY 16 - 17 Budget	FY 16 - 17 % Budget	Variance Explanation	
<b>REVENUES</b>							
Residential	148,026	25%	147,303	591,000	25%	Revenue Target - 25 %	
Commercial	14,140	9%	53,744	152,000	35%		
<b>Subtotal Operating Revenue</b>	<b>162,166</b>	<b>22%</b>	<b>201,048</b>	<b>743,000</b>	<b>27%</b>		
<b>EXPENSES</b>							
Salaries & Benefits	40,047	15%	37,366	289,284	13%	Sprayfield Pump Rentals  Pump Electricity  Expense Target = 8.33 %	
Director Expenses	489	8%	689	8,500	8%		
Operator Training & Certs	0	0%	0	1,000	0%		
Gas, Diesel, Oil & Filters	0	0%	2,600	13,000	20%		
Insurance	1,956	8%	1,843	22,000	8%		
Memberships & Conferences	963	22%	981	5,000	20%		
Office Expenses & Supplies	2,049	16%	200	10,000	2%		
Field Expenses & Supplies	536	4%	1,510	15,000	10%		
Grooming, Snow Removal and Vehicle Storage	0	0%	0	2,500	0%		
Engineering & Consulting	1,567	10%	894	15,000	6%		
Legal & Accounting	0	0%	203	10,000	2%		
Equipment Rental	108	4%	3,872	18,000	22%		
Repairs & Maintenance	3,032	4%	234	61,200	0.38%		
Laboratory Fees	4,110	13%	1,889	21,000	9%		
Regulatory Reporting & Compliance Projects	0	0%	0	7,000	0%		
Taxes, Fees, Licenses & Assessments	6,456	21%	6,910	30,000	23%		
Utilities	4,717	9%	10,959	55,000	20%		
<b>Subtotal Operating Expenses</b>	<b>66,030</b>	<b>11%</b>	<b>70,150</b>	<b>583,484</b>	<b>12%</b>		
<b>Net Operational Income</b>	<b>96,136</b>	<b>261%</b>	<b>130,898</b>	<b>159,516</b>	<b>82%</b>		
<b>OTHER REVENUE</b>							
Interest Income - LAIF	3	1%	3	500	1%		
Late Fee, Penalties and Interest			163	10,000	2%		
Expense Reimbursements - USFS Campground			0	2,384	0%		
Expense Reimbursements - Concessionnaire			0	4,439	0%		
Misc Other Income	-18	UBD	0	0	UBD		
<b>Subtotal Other Revenue</b>	<b>-15</b>	<b>0%</b>	<b>166</b>	<b>17,323</b>	<b>1%</b>		
<b>OTHER EXPENSES</b>							
Loan Interest	1,822	8%	1,709	20,156	8%		
Depreciation	8,013	7%	6,741	96,348	7%		
Compliance -(Regulatory Reserve)	2,686	5%					
<b>Subtotal Other Expenses</b>	<b>12,521</b>	<b>37%</b>	<b>8,450</b>	<b>116,504</b>	<b>7%</b>		
<b>Net Other Income</b>	<b>(12,536)</b>	<b>52%</b>	<b>(8,284)</b>	<b>(99,181)</b>	<b>8%</b>		
<b>NET INCOME</b>	<b>83,600</b>	<b>-485%</b>	<b>122,614</b>	<b>60,335</b>	<b>203%</b>		
<b>NON CASH EXPENDITURES (included in net income)</b>							
Depreciation	8013.33		6,741	96,348	7%		
Loan Payments - Principal	(2,873)		(2,986)	(36,182)	8%		
<b>Subtotal Non-Cash Expenses</b>	<b>5140.23</b>		<b>3,755</b>	<b>60,166</b>	<b>6%</b>		
<b>CASH EXPENDITURES ( Not Included in net income)</b>							
Capital Improvements / Replacements	(6,912)		(10,752)	(66,500)	16%		
<b>Subtotal Addl Cash Expenses</b>	<b>(6,912)</b>		<b>(10,752)</b>	<b>(66,500)</b>	<b>16%</b>		
<b>NET CASH FLOW</b>	<b>81,828</b>		<b>115,617</b>	<b>54,001</b>	<b>214%</b>		

**Balance Sheet Prev Year Comparison**  
As of July 31, 2016

	<u>Jul 31, 16</u>	<u>Jul 31, 15</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
11015 · F&M Bank	370,053.89	376,124.33	-6,070.44	-1.61%
11018 · LAIF	297,490.19	296,230.57	1,259.62	0.43%
11020 · Petty Cash	50.00	50.00		
11025 · Capital Facilities Fund	21,656.00	21,656.00		
<b>Total Checking/Savings</b>	<u>689,250.08</u>	<u>694,060.90</u>	<u>-4,810.82</u>	<u>-0.69%</u>
<b>Accounts Receivable</b>				
11050 · Accounts Receivable	107,703.93	41,468.32	66,235.61	159.73%
<b>Total Accounts Receivable</b>	<u>107,703.93</u>	<u>41,468.32</u>	<u>66,235.61</u>	<u>159.73%</u>
<b>Other Current Assets</b>				
11055 · Accounts Receivable-Tax Roll	9,023.04	10,748.06	-1,725.02	-16.05%
11140 · Prepaid Insurance	5,259.82	21,515.90	-16,256.08	-75.55%
<b>Total Other Current Assets</b>	<u>14,282.86</u>	<u>32,263.96</u>	<u>-17,981.10</u>	<u>-55.73%</u>
<b>Total Current Assets</b>	<u>811,236.87</u>	<u>767,793.18</u>	<u>43,443.69</u>	<u>5.66%</u>
<b>Fixed Assets</b>				
12010 · Land	25,805.16	25,805.16		
12020 · SbSrfLine	1,196,893.29	1,196,893.29		
12040 · Col Facilities	350,514.48	350,514.48		
12041 · LA Facilities	166,428.79	159,537.86	6,890.93	4.32%
12050 · TRT Facilities	1,122,304.14	1,000,261.71	122,042.43	12.2%
12060 · DSP Facilities	1,172,793.49	1,166,828.92	5,964.57	0.51%
12080 · P & A (Plant & Admin)Facilities	340,264.59	338,709.59	1,555.00	0.46%
12100 · Accumulated Depreciation	-2,379,773.08	-2,284,508.33	-95,264.75	-4.17%
<b>14030 · Work in Progress</b>				
14030.8 · SCATA Monitoring Alarm System	64,694.12	30,636.04	34,058.08	111.17%
14030.9 · W.I.P.-SMARTCOVER Monitor/Alarm	15,022.63	10,235.68	4,786.95	46.77%
<b>Total 14030 · Work in Progress</b>	<u>79,716.75</u>	<u>40,871.72</u>	<u>38,845.03</u>	<u>95.04%</u>
15000 · Chlorine Contact Tank Project		108,144.84	-108,144.84	-100.0%
<b>Total Fixed Assets</b>	<u>2,074,947.61</u>	<u>2,103,059.24</u>	<u>-28,111.63</u>	<u>-1.34%</u>
<b>TOTAL ASSETS</b>	<u><u>2,886,184.48</u></u>	<u><u>2,870,852.42</u></u>	<u><u>15,332.06</u></u>	<u><u>0.53%</u></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
21021 · Accounts Payable	28,330.86	43,904.49	-15,573.63	-35.47%
<b>Total Accounts Payable</b>	<u>28,330.86</u>	<u>43,904.49</u>	<u>-15,573.63</u>	<u>-35.47%</u>
<b>Other Current Liabilities</b>				
21090 · Payroll Liabilities	13,971.26	18,091.40	-4,120.14	-22.77%
2110 · Direct Deposit Liabilities	3.54	0.43	3.11	723.26%
22021 · Accrued Vacation	12,750.41	9,867.74	2,882.67	29.21%
<b>Total Other Current Liabilities</b>	<u>26,725.21</u>	<u>27,959.57</u>	<u>-1,234.36</u>	<u>-4.42%</u>
<b>Total Current Liabilities</b>	<u>55,056.07</u>	<u>71,864.06</u>	<u>-16,807.99</u>	<u>-23.39%</u>

## Balance Sheet Prev Year Comparison

As of July 31, 2016

	<u>Jul 31, 16</u>	<u>Jul 31, 15</u>	<u>\$ Change</u>	<u>% Change</u>
Long Term Liabilities				
26025 · F&M Bank Loan	526,416.60	561,265.50	-34,848.90	-6.21%
Total Long Term Liabilities	<u>526,416.60</u>	<u>561,265.50</u>	<u>-34,848.90</u>	<u>-6.21%</u>
Total Liabilities	581,472.67	633,129.56	-51,656.89	-8.16%
Equity				
25000 · Open Bal Equity		71,081.93	-71,081.93	-100.0%
29000 · Retained Earnings	2,182,098.28	2,083,041.06	99,057.22	4.76%
Net Income	122,613.53	83,599.87	39,013.66	46.67%
Total Equity	<u>2,304,711.81</u>	<u>2,237,722.86</u>	<u>66,988.95</u>	<u>2.99%</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,886,184.48</u></u>	<u><u>2,870,852.42</u></u>	<u><u>15,332.06</u></u>	<u><u>0.53%</u></u>

4.2

**BVWD**  
**A/P Aging Summary**  
As of July 31, 2016

Prepays July 2016	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Description
A.T. & T.	161					161	Main Pump Station - Modem
A.T. & T.	50					50	U-Verse - Office
A.T. & T.	50					50	U-Verse
A.T. & T.	187					187	Telephone for Main Office
A.T. & T.	309					309	Telephone for Lake Alpine Basin
Cal Waste	1,165					1,165	Harardous Waste Disposal
Capital Bank & Trust	1,082					1,082	Simple IRA - Employee Retirement
Cheq Processing	41					41	Simple Deposit Fees for July
Dept. of Water Resources	6,910					6,910	Dam Fees
E.D.D.	418					418	State Payroll Taxes
E.D.D.	401					401	State Payroll Taxes
F & M Bank	4,695					4,695	Principal & Interest on Loan
Guy West	38					38	Mileage Reimbursement
IRS	2,872					2,872	Federal Payroll Taxes
IRS	2,967					2,967	Federal Payroll Taxes
Lake Alpine Water	152					152	Water for Main Office
SDRMA	7,103					7,103	Workers Compensation for FY16/17
SDRMA	1,614					1,614	Employees Health Insurance
SDRMA	344					344	Employees Dental, Vision, & Life Insurance
Scott Thompson	225					225	Fall & Remove Dead Tree
U.S.P.S	66					66	Postage For July Invoicing
U.S.P.S	47					47	Postage For July Invoicing
<b>TOTAL</b>	<b>30,896</b>					<b>30,896</b>	



**BVWD**  
**A/P Aging Summary**  
As of July 31, 2016

Accounts Payables July 2016	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Description
Alpha Analytical Laboratories Inc.		1,521.00				1,521	Lab Analysis
Alpine County Public Works	2,600					2,600	Diesel & Unleaded Fuel
Arnold Auto Supply Inc.		71.88				72	Auto Parts
AT&T Business Service 2	61		154.68	-154.68		61	U-Verse Account
Columbia Communications Inc.	128					128	Pager & Monthly Pager Service (Field)
CVCWA		820.00				820	Membership Dues
Ebbetts Pass Lumber Co. Inc.		166.32				166	Field Supplies
El Dorado Septic Service, Inc.		107.50				108	Porta Potty Rental
Environmental Leverage Inc.		1,143.72				1,144	Bio Nutrients & Audit
Gunnar Thordarson		100.00				100	Director Fees for July 25, 2016
Jeff Gouveia		46.50				47	Supplies For Board Meeting / Office
Jim Bissell		100.00				100	Director Fees for July 25, 2016
John Boyle		100.00				100	Director Fees for July 25, 2016
Ken Brown		100.00				100	Director Fees for July 25, 2016
Neumiller and Beardslee		202.50				203	Legal Fees
P.G.&E.			589.78	-589.78			Zero Balance
Rain For Rent		9,729.12	6,096.18			15,825	Pump Rental
Smartcover Systems		4,786.95				4,787	Remote for Lake Alpine Basin
Stefaniya Beckings		288.80				289	Director Fees for July 25th & NPDES Meet
U.S.A. Under Ground Alert		161.20				161	Annul Membership Fees
<b>TOTAL</b>	<b>2,789</b>	<b>19,445.49</b>	<b>6,840.64</b>	<b>-744.46</b>		<b>28,331</b>	

**BVWD**  
**A/P Aging Summary**  
As of June 30, 2016

June 2016 Prepays	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Description
Advanced Automotive	216					216	Repair Dodge P.U.
A.T.&T.	50					50	U-Verse Main Office
A.T.&T.	297					297	Telephone Main Office
A.T.&T.	61					61	U-Verse Equipment House
A.T.&T.	188					188	Telephone L.A. Boat Ramp
California Public Employees	900					900	Audit
Card Services	474					474	Office & Field Supplies
Capital Bank & Trust	411					411	Simple IRA
CHEQ Processing	72					72	Simply Deposit Fees
Central Valley Clean Water Assn.	1,318					1,318	Freshwater Mussel Study
DMV	104					104	ATV & Snowmobile Registration
E.D.D.	519					519	State Payroll Taxes
E.D.D.	502					502	State Payroll Taxes
F & M Bank	4,695					4,695	Principal & Interest on Loan
IRS	2,546					2,546	Federal Payroll Taxes
IRS	2,628					2,628	Federal Payroll Taxes
Lake Alpine Water	145					145	Water For Main Office
Guy West	26					26	Mileage Reimbursement PR: 7/1/2016
Jeff Gouveia	134					134	Mileage Reimbursement PR: 6/3/2016
Guy West	26					26	Mileage Reimbursement PR: 6/17/2016
Jeff Gouveia	26					26	Mileage Reimbursement PR: 7/1/2016
P.G.&E.	4,419					4,419	Electricity for Month of June 2016
SDRMA	1,614					1,614	Employee Health Insurance
SDRMA	344					344	Employee Dental, Vision, & Life Insurance
<b>TOTAL</b>	<b>21,712</b>					<b>21,712</b>	

Accounts Payable June 2016	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Description
Advanced Automotive		194				194	Repair Dodge P.U.
Al Cal Glass		19				19	Field Supplies
Alpha Analytical Laboratories Inc.		1,511				1,511	Lab Analysis
Alpine County Health & Human Services		806				806	Permits

**BWWD**  
**A/P Aging Summary**  
As of June 30, 2016

Accounts Payable June 2016	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Description
Alpine County Public Works	1,275	245				1,520	Fuel
Arnold Auto Supply Inc.		342				342	Auto Parts
AT&T Business Service 2	50	155	(155)			50	U-Verse
Caltest		9,030				9,030	2011 NPDES Permit Sampling
Card Services	1,467					1,467	Office, Field Supplies
EBBETTS PASS GAS CO. Inc.		326				326	Propane Main Office
Ebbetts Pass Lumber Co. Inc.		136				136	Field Supplies
El Dorado Septic Service, Inc.		269				269	Porta Potty Rental
Environmental Leverage Inc.		585				585	Micronutrients Formulations
FedEx		267				267	Freight
Gunnar Thordarson		100				100	Director Fees Regular Meeting
Guy West	(26)	8				(18)	Reimbursement
Jim Bissell		100				100	Director Fees Regular Meeting
John Boyle		100				100	Director Fees Regular Meeting
Ken Brown		100				100	Director Fees Regular Meeting
P.G.&E.		590	(590)				Electricity
Petty Cash	12					12	Postage & Office
Rain For Rent	6,096					6,096	Pump & Equip Rental Spray Field
Stantec Consulting Services Inc.		7,794				7,794	NPDES Permit Consulting
Stefaniya Beckings		100				100	Director Fees Regular Meeting
Weber Ghio and Associates, Inc	1,819	3,930				5,750	Engineering
<b>TOTAL</b>	<b>10,693</b>	<b>26,708</b>	<b>(744)</b>			<b>36,657</b>	

**BVWD**  
**A/R Aging Summary**  
As of September 16, 2016

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>&gt; 90</u>	<u>TOTAL</u>
CS092		27.11		271.11	17.66	315.88
CS006		27.11	27.11	-974.03	1,245.14	325.33
OS106		27.11		271.11	28.80	327.02
BV298		27.11		271.11	30.18	328.40
SM309					377.95	377.95
BV179		27.11		271.11	245.11	543.33
BV214		27.11		271.11	298.22	596.44
BV394		27.11		271.11	298.83	597.05
BV258				-279.50	900.72	621.22
BV048		27.11		271.11	325.33	623.55
BV137		27.11		271.11	330.21	628.43
CM190			3,862.03		-0.02	3,862.01
CM150		825.96	8,259.20		0.40	9,085.56
CM144		1,277.71	12,777.18			14,054.89
CM010		1,430.12	14,301.19			15,731.31
<b>TOTAL</b>	<u><u>\$ 5,726.78</u></u>	<u><u>\$ 36,727.63</u></u>	<u><u>\$ 13,843.55</u></u>	<u><u>\$ (23,953.90)</u></u>	<u><u>\$ 32,344.06</u></u>	
<b>TOTAL CREDITS</b>	0.00	-3,176.85	-5,603.18	-33,265.34	-42045.37	
<b>TOTAL DEBITS</b>	5,726.78	39,904.48	19,446.73	9,311.44	74389.43	
<b>TOTAL</b>	<u><u>\$ 5,726.78</u></u>	<u><u>\$ 36,727.63</u></u>	<u><u>\$ 13,843.55</u></u>	<u><u>\$ (23,953.90)</u></u>	<u><u>\$ 32,344.06</u></u>	

**BEAR VALLEY  
WATER DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2016**

**ROBERT W. JOHNSON**  
Certified Public Accountant



Robert W. Johnson  
*an accountancy corporation*

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August 30, 2016

To the Board of Directors  
Bear Valley Water District  
Bear Valley, California

We have audited the financial statements of Bear Valley Water District as of and for the year ended June 30, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

In planning and performing our audit of the financial statements of Bear Valley Water District as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Bear Valley Water District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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. However, we have enclosed other recommendations for your consideration.

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

Sincerely,

*Robert W. Johnson, An Accountancy Corporation*

Robert W. Johnson, An Accountancy Corporation

1. Comparison of Operating Results:

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Favorable (Unfavorable)</u>
Operating revenue	\$ 742,739	\$ 730,588	\$ 12,151
Operating expenses	<u>681,463</u>	<u>605,042</u>	<u>( 76,421)</u>
Operating income (loss)	61,276	125,546	( 64,270)
Non-operating income	26,741	39,527	( 12,786)
Non-operating expense	<u>( 58,294)</u>	<u>(132,560)</u>	<u>74,266</u>
Income/loss before contributions	29,723	32,513	( 2,790)
Contributions	<u>      -</u>	<u>      -</u>	<u>      -</u>
Net income (loss)	<u>\$ 29,723</u>	<u>\$ 32,513</u>	<u>\$ ( 2,790)</u>
Cash	<u>\$ 711,519</u>	<u>\$ 656,132</u>	<u>\$ 55,387</u>

Observations:

- District operating expenses increased due to:
  - reporting and permit costs spent in order to obtain 5 year permit
  - wage expense increased approximately \$20,000 (10% increase)
- Current year non-operating expenses lower due to connection fees refunded last year
- The District was able to maintain similar profit margin and improve cash position in 15-16 fiscal year



2. Prior Year Recommendation:

Capitalization Policy:

Recommendation – Develop a fixed asset capitalization policy that sets out the parameters for which items should be added to permanent plant and which should be expensed in the year of purchase. Most Districts will set a minimum dollar amount i.e. even if an item is expected to last awhile if the amount does not meet a dollar amount threshold, it is immediately expensed. Inconsistent treatment of capital outlay costs can misrepresent operating results.

Follow-up – The Board passed the capitalization policy in June 2016.

**BEAR VALLEY  
WATER DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2016**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bear Valley Water District  
Bear Valley, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Bear Valley Water District, as of and for the year ended June 30, 2016, as listed in the table of contents, and the related notes to the financial statements.

**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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

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

### **Other-Matters**

#### *Required Supplementary Information*

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. Johnson, An Accountancy Corporation*

Citrus Heights, California  
August 30, 2016

BEAR VALLEY WATER DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2016

ASSETS

Current assets:		
Cash in bank (Note 3)		\$ 392,373
LAIF		297,490
Accounts receivable		15,558
Prepaid insurance		<u>-</u>
Total current assets		705,421
Capital assets, at cost (Notes 4 and 5):	\$ 4,362,148	
Less accumulated depreciation	<u>2,373,032</u>	
	1,989,116	
Work in progress	<u>81,821</u>	
		2,070,937
Restricted cash (Note 3)		<u>21,656</u>
		<u>\$2,798,014</u>

See notes to financial statements

## LIABILITIES AND NET POSITION

### Current liabilities:

Current portion of long-term debt (Note 5)	\$ 36,181
Prepaid revenue	25,154
Accounts payable	36,657
Accrued liabilities	12,249
Compensated absences	<u>12,454</u>

Total current liabilities 122,695

Long-term debt, net of current portion (Note 5) 493,221

Total liabilities 615,916

### Net position:

Net investment in capital assets	\$1,541,535
Unrestricted	<u>640,563</u>
	<u>2,182,098</u>

\$2,798,014

**BEAR VALLEY WATER DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
for the year ended June 30, 2016

Operating revenues:

Service charges		\$ 742,583	
Fees		144	
Other		<u>12</u>	
Total operating revenues			742,739

Operating expenses:

Collection	\$ 100,565		
Treatment and disposal	225,213		
Administrative and general	259,148		
Depreciation	<u>96,537</u>		
Total operating expenses			<u>681,463</u>
Operating income			61,276

Non-operating revenues (expenses):

Interest income and penalties	14,083		
Interest expense	( 21,601)		
Other revenue	12,658		
Compliance	( 36,693)		
Other expenses	<u>-</u>		
			<u>( 31,553)</u>

Income before contributions			29,723
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Capital contributions			<u>-</u>
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Change in net position			29,723
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Total net position:

Beginning			<u>2,152,375</u>
Ending			<u>\$2,182,098</u>

See notes to financial statements



**BEAR VALLEY WATER DISTRICT**  
**STATEMENT OF CASH FLOWS**  
for the year ended June 30, 2016

Cash flows from operating activities		\$ 746,958
Receipts from customers		( 351,813)
Payments to suppliers		<u>( 204,042)</u>
Payments to employees		
Net cash provided by operating activities		191,103
Cash flows from noncapital financing activities:		
Nonoperating income	\$ 12,658	
Connection fee refunds	-	
Other nonoperating expenses	<u>( 36,693)</u>	( 24,035)
Cash flows from capital and related financing activities:		
Purchase of capital assets		
including work in progress	( 69,427)	
Principal paid on capital debt	( 34,736)	
Interest paid on capital debt	<u>( 21,601)</u>	( 125,764)
Cash flows from investing activities:		
Interest income		<u>14,083</u>
Net increase in cash and cash equivalents		55,387
Cash and cash equivalents:		
Beginning of year		<u>656,132</u>
End of year		<u>\$ 711,519</u>

See notes to financial statements

**BEAR VALLEY WATER DISTRICT**  
**STATEMENT OF CASH FLOWS, continued**  
for the year ended June 30, 2016

Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 61,276
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 96,537	
Changes in operating assets and liabilities:		
Receivables	7,993	
Prepaid expenses	-	
Accounts payable and accrued charges	28,915	
Prepaid revenue	<u>( 3,618)</u>	
		<u>129,827</u>
Net cash provided by operating activities		\$ <u>191,103</u>
Supplementary information:		
Cash paid for interest		\$ <u>21,601</u>

See notes to financial statements

## BEAR VALLEY WATER DISTRICT NOTES TO FINANCIAL STATEMENTS

### 1. Organization:

Bear Valley Water District (the "District") was formed in 1968 and provides sewer service to residents of the District. The District is governed by a Board of Directors which is elected by the landowners of the District.

### 2. Summary of Significant Accounting Policies:

The basic financial statements of Bear Valley Water District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### Fund Accounting

The District is an enterprise fund. All operations are accounted for as an enterprise fund.

Enterprise Fund – The enterprise fund is used to account for sewer operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The District's books and accounts are based upon the Uniform System of Accounts for Public Utilities as prescribed by the Division of Local Government Fiscal Affairs of the State of California. The records are maintained and the accompanying financial statements are presented on the accrual basis of accounting.

**BEAR VALLEY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting, continued

Operating revenues and expenses, such as sewer sales along with sewer expenses, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each part receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange.

Depreciation

Utility plant and equipment is recorded on the basis of purchase cost. Assets acquired by contribution are recorded at estimated cost or fair market value at the time of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. The investment with the State Treasurer's Local Agency Investment Fund (LAIF) is also considered to be the equivalent of cash.

Compensated Absences

Vested or accumulated vacation that is expected to be liquidated with expendable available financial resources is reported as a current liability.

**BEAR VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued**

2. Summary of Significant Accounting Policies, continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budget is prepared on the accrual basis to match the operating statements.

Investments

Investments consist of funds deposited in the Local Agency Investment Fund (LAIF) which is a Pooled Money Investment Account held with the State of California. Investments are stated at market value. Such investment is within the State statutes and the District's investment policy.

**BEAR VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued**

3. Cash and Investments:

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

Unrestricted	\$ 392,373
Restricted	<u>21,656</u>
Total cash and investments	<u>\$ 414,029</u>

Deposits:

At year-end the carrying amount of the District's deposits was \$414,029 and the bank balance was \$415,270. The bank balance was covered by Federal depository insurance and by collateral held in the pledging banks' trust department as mandated by state law.

	<u>Balance June 30, 2016</u>
Petty cash	\$ 50
Cash in bank – checking (operating account)	392,323
Cash in bank – checking (connection fees)	<u>21,656</u>
Total deposits	<u>\$ 414,029</u>

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investment in LAIF is reported at fair value.

	<u>Carrying Amount</u>	<u>Market Value</u>
Balance, June 30, 2016		
Local Agency Investment Fund	<u>\$ 297,490</u>	<u>\$ 297,490</u>

**BEAR VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued**

3. Cash and Investments, continued:

Investments, continued:

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio (of underlying investments e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

Restricted Cash and Investments:

The District sets aside funds from receipt of connection fees pursuant to legal restrictions. At June 30, 2016, the District had set aside the following in cash for special purposes:

	Balance June 30, <u>2016</u>
Connection fees	\$ <u>21,656</u>

**BEAR VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued**

4. Capital Assets:

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

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance, June 30, 2016</u>
Land	\$ 25,805	\$ -	\$ -	\$ 25,805
Subsurface lines	1,196,893	-	-	1,196,893
Sewage collection	510,053	-	-	510,053
Sewage treatment	996,333	17,826	108,145	1,122,304
Sewage disposal	1,166,829	-	-	1,166,829
Chlorine tank project	108,145	-	(108,145)	-
General plant	<u>338,709</u>	<u>1,555</u>	<u>-</u>	<u>340,264</u>
	4,342,767	19,381	-	4,362,148
 Add, work in progress	 <u>31,775</u>	 <u>50,046</u>	 <u>-</u>	 <u>81,821</u>
	<u>\$4,374,542</u>	<u>\$ 69,427</u>	<u>\$ -</u>	<u>\$4,443,969</u>

5. Long-Term Debt:

In 2013 the District refinanced a \$617,572 note payable to a bank to a fifteen year term loan. The District incurred an \$18,000 prepayment penalty and a \$3,250 loan fee to refinance. After the refinance, the new loan balance was \$636,373. Payments of \$4,695 including interest of 3.88% are payable monthly through March 2028. The bank loan is secured by the District's accounts receivable, contract rights and general intangibles.



**BEAR VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued**

5. Long-Term Debt, continued:

The following is a summary of the long-term debt activities for the year ended June 30, 2016:

	<u>2015</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>2016</u>	<u>Current Portion</u>
Bank loan	\$ <u>564,139</u>	\$ <u>-</u>	\$ <u>34,736</u>	\$ <u>529,402</u>	\$ <u>36,181</u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2017	\$ 36,181	\$ 20,157	\$ 56,338
2018	37,629	18,709	56,338
2019	39,134	17,204	56,338
2020	40,657	15,681	56,338
2021	42,326	14,012	56,338
2022-2026	238,400	43,290	281,690
2027-2028	<u>95,075</u>	<u>3,462</u>	<u>98,537</u>
	<u>\$ 529,402</u>	<u>\$ 132,515</u>	<u>\$ 661,917</u>

6. Risk of Loss:

Bear Valley Water District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2016 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

**BEAR VALLEY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

7. Simple IRA Plan:

In September 2002 the District implemented a Simple IRA plan for the benefit of its employees. To be eligible for the plan, the employees must be employed by the District for one year. If the employee makes a contribution on his/her own behalf, then the District contributes 3% of the employee's gross wages. At June 30, 2016, the District's portion of the Simple IRA contribution was \$4,520.

8. Subsequent Events:

Management has evaluated subsequent events through August 30, 2016, the date these June 30, 2016 financial statements were available to be issued.

**SUPPLEMENTAL DATA**

**BEAR VALLEY WATER DISTRICT  
PRINCIPAL OFFICIALS  
June 30, 2016**

**BOARD OF DIRECTORS**

James Bissell	President
Stefaniya Becking	Vice President/Secretary
John Boyle	Treasurer
Ken Brown	Director
Gunnar Thordarson	Secretary

**OPERATIONS**

Jeffrey Gouveia	General Manager
Judi Silber	Office Manager
Guy West	Interim Chief Plant Operator
Steve Mikesell	Operator Grade II
Robin Murphy	Operator Grade I

**BEAR VALLEY WATER DISTRICT**  
**OPERATING EXPENSES**  
for the year ended June 30, 2016

Collection:

Salaries, wages and employee benefits	\$ 32,514	
Repairs and maintenance	45,799	
Utilities	4,309	
Telephone	3,533	
Insurance	10,630	
Gasoline and oil	1,407	
Supplies	2,373	
Monitoring and reporting	<u>-</u>	\$100,565

Treatment and disposal:

Salaries, wages and employee benefits	87,143	
Insurance	7,768	
Utilities	32,076	
Telephone	795	
Repairs and maintenance	40,068	
Supplies	16,005	
Monitoring and reporting	31,360	
Gasoline and oil	3,283	
Rentals	<u>6,715</u>	225,213

**BEAR VALLEY WATER DISTRICT**  
**OPERATING EXPENSES, continued**  
for the year ended June 30, 2016

Administrative and general:			
Salaries, wages and employee benefits		\$133,042	
Legal and audit		9,537	
Directors fees and expenses		2,698	
Insurance		4,766	
Utilities		4,568	
Telephone		2,549	
Repairs and maintenance		4,805	
Office		12,962	
Memberships		4,382	
Taxes and assessments		29,040	
Licenses & fees		247	
Bad debt		3,884	
Monitoring and reporting		28,827	
Other		955	
Contractual services		-	
Engineering		16,087	
Continuing education		<u>799</u>	
			\$259,148
Depreciation			<u>96,537</u>
			<u>\$681,463</u>