



**WEST VALLEY WATER DISTRICT**  
855 W. Base Line Road Rialto, CA

**NOTICE OF CALL OF  
AND AGENDA FOR  
SPECIAL MEETING**  
(Government Code § 54956(a))

**PLEASE TAKE NOTICE** that the President of Directors of the West Valley Water District has called a Special Meeting of the Board of Directors for

**6:00 P.M. on TUESDAY, AUGUST 27, 2019,**

at District Headquarters located at 855 W. Base Line Road, Rialto, CA 92376. The only items of business to be considered at this Special Meeting are as set so forth in the following agenda:

**SPECIAL MEETING  
AGENDA**

**Tuesday, August 27, 2019**

**OPEN SESSION – 6:00 P.M. • CLOSED SESSION – 6:30 P.M.**

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**"In order to comply with legal requirements for posting of agendas, only those items listed in this NOTICE OF CALL AND AGENDA FOR SPECIAL MEETING will be considered by the Board of Directors."**

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**OPENING CEREMONIES**

Pledge of Allegiance  
Opening Prayer  
Call to Order  
Roll Call of Board Members

**ADOPT AGENDA**

## **PUBLIC PARTICIPATION**

*Any person wishing to speak to the Board of Directors on matters listed or not listed on the agenda, within its jurisdiction, is asked to complete a Speaker Card and submit it to the District Clerk. Each speaker is limited to three (3) minutes. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. Comments related to noticed Public Hearing(s) and Business Matters will be heard during the occurrence of the item.*

**Public communication is the time for anyone to address the Board on any agenda item or anything under the jurisdiction of the District. No person will be allowed to make comments at any other time in the meeting except if there is a Public Hearing. Also, please remember that no disruptions from the crowd will be tolerated. If someone disrupts the meeting, they will be removed.**

## **CONSENT CALENDAR**

*All matters listed under the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the Board of Directors, Staff Member, or any member of the public request a specific item(s) be removed for separate action.*

### **Consideration of:**

1. Approval of July 2019 Purchase Order Report.
2. Consider Notice of Completion Recordation for Valley Blvd Water Line Installation.
3. Authorization to Approve Change Order No. 1 for the Customer Service Foyer Renovation Project.
4. Consider Notice of Completion Recordation for the Well No. 41 Ion Exchange Treatment Project.
5. Consider Purchasing a New 350HP Motor at the Well 6 Site.

## **BUSINESS MATTERS**

### **Consideration of:**

6. Treasurer Report May 2019.
7. Treasurer Report June 2019.
8. Approval For Budget Transfer For Quiet Room CIP Project.
9. Authorization for Signatory Changes for all JP Morgan Chase, US Bank, CalTrust, LAIF Accounts.

10. Approval To Close Chase Bank Account - Special Rebate.
11. Presentation by Pun Group for the Special Audit July 1, 2018-Jan 31, 2019.
12. Approval of payment to Tafoya Law Group, APC for professional services rendered in May 2019, Invoice No. 19-005: \$28,671.60 and June 2019, Invoice No. 19-006: \$26,869.40.
13. Approval of payment to Leal Trejo for professional services rendered in May 2019, Invoice No. 17538: \$6,440.00.
14. Approval of payment to Albright, Yee and Schmit, APC for professional services rendered in July 2019, Invoice No. 26013: \$3,657.68, Invoice No. 26014; \$18,604.59; Invoice No. 26015; \$16,594.50.

**REPORTS - LIMITED TO 5 MINUTES MAXIMUM (Presentations or handouts must be provided to Board Members in advance of the Board Meeting).**

- **Board Members**
- **Legal Counsel**
- **General Manager/Staff**
  - ❖ 1,737 Days without a "Loss Time" claim

**UPCOMING MEETINGS**

- September 2, 2019 - The West Valley Water District will be CLOSED in observance of the Labor Day Holiday
- September 3, 2019 - San Bernardino Valley Municipal Water District Regular Board Meeting at 2:30 PM at 380 E. Vanderbilt Way, San Bernardino, CA
- September 5, 2019 - West Valley Water District Board of Directors Meeting at 6:30 PM (Closed Session at 6:00 PM) at the District Headquarters
- September 8-14, 2019 - Meeting with Congressional Staff in Washington, DC
- September 14, 2019 - Fontana Mayor's Gala at the Sierra Lakes Golf Club in Fontana, CA at 6:00 PM
- September 14, 2019 - Renaissance Market Place Grand Opening at 11:30 AM-4:30 PM at 1309 W. Renaissance Pkwy #800, Rialto, CA

- September 16, 2019 - Association of the San Bernardino County Special Districts (ASBCSD) dinner, hosted by Best Best & Krieger, LLP at the Panda Inn in Ontario, CA. Social hour will begin at 6:00 PM, with a call to order at 6:45 PM.
- September 17, 2019 - West Valley Water District Human Resources Committee Meeting at 6:00 PM at the District Headquarters
- September 17, 2019 - West Valley Water District Safety and Technology Committee Meeting at 6:20 PM at the District Headquarters
- September 17, 2019 - West Valley Water District External Affairs Committee Meeting at 6:40 PM at the District Headquarters
- September 18, 2019 - West Valley Water District Engineering, Operations and Planning Committee Meeting at 6:00 PM at the District Headquarters
- September 19, 2019 - West Valley Water District Board of Directors Regular Meeting at 6:30 PM (Closed Session at 6:00 PM) at the District Headquarters

#### **CLOSED SESSION**

- CONFERENCE WITH LEGAL COUNSEL -EXISTING LITIGATION Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9 Case Name: Clifford Young, Patricia Romero, Naisha Davis, West Valley Water District v. Tafoya and Garcia, et al. Case No.: 19STCV05677
- ANTICIPATED LITIGATION Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of Cases: Four (4)

#### **ADJOURN**

#### **DECLARATION OF POSTING:**

**I declare under penalty of perjury, that I am employed by the West Valley Water District and posted the foregoing special Agenda at the District Offices on August 23, 2019.**

  
 \_\_\_\_\_  
**Crystal L. Escalera, Board Secretary**



Please Note:

Material related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 855 W. Baseline, Rialto, during normal business hours. Also, such documents are available on the District's website at [www.wvwd.org](http://www.wvwd.org) subject to staff's ability to post the documents before the meeting.

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in the above-agendized public meeting should be directed to Crystal Escalera, at least 72 hours in advance of the meeting to ensure availability of the requested service or accommodation. Ms. Escalera may be contacted by telephone at (909) 875-1804 ext. 704, or in writing at the West Valley Water District, P.O. Box 920, Rialto, CA 92377-0920.



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** APPROVAL OF JULY 2019 PURCHASE ORDER REPORT

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**BACKGROUND:**

The West Valley Water District (“District”) generated seventy-three (73) Purchase Orders (“PO”) in the month of July 2019 to various vendors that provide supplies and services to the District. There were forty-four (44) PO’s issued below the General Manager’s approval level, twenty-six (26) PO’s issued at the General Manager’s approval level and three (3) PO’s issued with Board approval. The total amount issued to PO’s for the month of July 2019 was **\$939,273.73**. A table listing all PO’s for July 2019 is shown in **Exhibit A**.

**FISCAL IMPACT:**

There is no fiscal impact for producing the July 2019 Purchase Order Report.

**STAFF RECOMMENDATION:**

Receive and file the July 2019 Purchase Order Report.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Clarence C. Mansell Jr." is written over a horizontal line.

Clarence Mansell Jr, General Manager

CM:ar

**ATTACHMENT(S):**

1. July 2019 Purchase Order Report

# Exhibit A

**West Valley Water District**  
**Monthly Purchase Order Report**  
**July 2019**

	DATE	PO#	VENDOR NAME	AMOUNT	DESCRIPTION
1	7/2/2019	4709	SUEZ WTS ANALYTICAL INSTRUMENT	\$ 1,717.54	ACID CARTRIDGE AND OXIDIZER CARTRIDGE
2	7/2/2019	4711	PF SERVICES INC	\$ 1,663.60	GAS PUMP REPAIR
3	7/2/2019	4712	HONEYWELL	\$ 2,852.29	METER STOCK
4	7/9/2019	4714	INLAND DESERT SECURITY	\$ 3,855.96	CS MONTHLY HOTLINE
5	7/9/2019	4715	HACH COMPANY	\$ 497.64	POCKET COLORIMETER AND REAGENT
6	7/9/2019	4716	VULCAN MATERIALS COMPANY	\$ 5,279.75	BPO FOR 3/8 COLD MIX (TEMPORARY ASPHALT)
7	7/10/2019	4717	YO FIRE	\$ 1,201.42	NON STOCK ORDER
8	7/11/2019	4718	EMPLOYMENT CHECK	\$ 10,000.00	PROFESSIONAL SERVICES - CONSULTANT
9	7/11/2019	4719	EMPLOYMENT CHECK	\$ 2,000.00	PROFESSIONAL SERVICES - CONSULTANT
10	7/11/2019	4720	QUINN COMPANY	\$ 592.80	BATTERIES FOR GENERATOR
11	7/12/2019	4721	BANK OF AMERICA-1405	\$ 675.81	FLIGHT FOR BOARD VP TO CONFERENCE
12	7/12/2019	4722	BANK OF AMERICA-1405	\$ 811.36	FLIGHT FOR BOARD PRESIDENT TO CONFERENCE
13	7/12/2019	4723	PG MECHANICAL	\$ 1,211.65	INSPECT/REPAIR TRUCK 104,104T,105,105T,107
14	7/16/2019	4724	GENERAL PUMP COMPANY INC	\$ 3,536.24	OPTION #1 REBUILT THE MOTOR
15	7/16/2019	4725	AMERITROL INC	\$ 1,540.83	CHEMICAL FLOW SWITCH WITH "T"
16	7/16/2019	4727	HACH COMPANY	\$ 5,063.87	CL 10 CHLORINE ANALYZER W/ALKALINITY
17	7/16/2019	4728	HACH COMPANY	\$ 2,858.98	DB EE TU5300SC TURB, FLOW,CLEAN SYSCHKL, RFID
18	7/16/2019	4729	CRB SECURITY SOLUTIONS	\$ 5,934.87	REPLACEMENT OF FIRE ALARM SYSTEM OPR PLANT
19	7/17/2019	4732	HASA INC.	\$ 5,000.00	BULK SODIUM HYPOCHLORITE FOR WELLS W/O TREATMENT
20	7/17/2019	4733	HASA INC.	\$ 5,000.00	BULK SODIUM HYPOCHLORITE FOR WELLS WITH TREATMENT
21	7/17/2019	4734	HASA INC.	\$ 10,000.00	SODIUM HYPOCHLORITE FOR EAST COMPLEX
22	7/18/2019	4735	SOUTHLAND PIPE CORPORATION	\$ 893.25	FBR SPECIAL PIPE
23	7/18/2019	4740	INLANDCON INC.	\$ 883.55	PAINT OFFICE FOR AGM PUBLIC AFFAIRS
24	7/18/2019	4742	CRB SECURITY SOLUTIONS	\$ 5,934.87	CRB SECURITY SOLUTIONS
25	7/18/2019	4743	HACH COMPANY	\$ 2,858.98	PART #LXV445.99.53112
26	7/19/2019	4744	USA BLUEBOOK	\$ 505.64	METER TOOLS
27	7/19/2019	4745	GARDA CL WEST INC	\$ 8,081.25	CS ARMORED SERVICE
28	7/23/2019	4755	USA BLUEBOOK	\$ 1,093.99	SLUDGE INTERFACE DETECTOR 30'
29	7/23/2019	4756	HACH COMPANY	\$ 4,293.08	SC 200 CONTROLLER
30	7/24/2019	4757	BOYS & GIRLS CLUB OF FONTANA	\$ 750.00	SPONSORSHIP
31	7/24/2019	4758	WESTECH ENGINEERING INC	\$ 5,974.74	REPROGRAMMING THE FILTER CONTROL
32	7/24/2019	4759	HACH COMPANY	\$ 2,635.35	DB EE TU300SC TURB, CLEAN, SYSCHKL,RFID, EPA.
33	7/24/2019	4760	Q AIR-CALIFORNIA	\$ 1,527.33	PARTS FOR SERVICE REPAIR
34	7/24/2019	4761	HACH COMPANY	\$ 5,268.98	INSTRUMENTS
35	7/25/2019	4762	HACH COMPANY	\$ 3,703.78	INSTRUMENTS
36	7/30/2019	4771	CRB SECURITY SOLUTIONS	\$ 5,934.87	REPLACEMENT OF FIRE ALARM SYSTEM
37	7/30/2019	4772	HACH COMPANY	\$ 3,009.46	PART # LXV445.9953112
38	7/30/2019	4774	CLA VAL CO	\$ 2,417.37	DIAGNOSE AND SERVICE CONTROLLER FOR VALVE #43
39	7/30/2019	4775	CED CREDIT OFFICE	\$ 1,810.20	WIRE FOR WELL 54
40	7/31/2019	4776	SIMPSON SANDBLASTING & SPECIAL	\$ 1,800.00	DISINFECTION AT RESERVOIR AT WELL 54
41	7/31/2019	4778	HOME DEPOT	\$ 2,174.40	PORTABLE GENERATORS FOR MAINTENANCE
42	7/31/2019	4779	QUINN COMPANY	\$ 3,047.82	GENERATOR PMS
43	7/31/2019	4780	FUEL SERV	\$ 650.00	GASOLINE VAPOR TESTING
44	7/31/2019	4781	BANK OF AMERICA-8709	\$ 750.55	TIRES FOR VEHICLE
			<b>Total PO's up to \$10K</b>	<b>\$ 137,294.07</b>	
45	7/31/2019	4777	TEMECULA CREEK INN	\$ 10,639.72	FINAL PAYMENT FOR BOARD RETREAT
46	7/2/2019	4710	FLYERS ENERGY LLC	\$ 11,183.53	GASOLINE ORDER
47	7/1/2019	4708	STERLING WATER TECHNOLOGIES LL	\$ 14,934.15	ACH CHEMICAL
48	7/19/2019	4747	HASA INC.	\$ 15,000.00	12.5% SODIUM HYPOCHLORITE
49	7/25/2019	4768	HASA INC.	\$ 15,000.00	SODOIUM HYPOCHLORITE
50	7/1/2019	4707	BRENNTAG PACIFIC INC	\$ 15,264.83	ACID ACETIC
51	7/18/2019	4741	TOM DODSON & ASSOCIATES	\$ 15,500.00	ACQUIRE PERMITS FOR WELL 36
52	7/16/2019	4726	STERLING WATER TECHNOLOGIES LL	\$ 15,972.43	SWT 2000 ALUMINUM CHLOROHYDRATE
53	7/19/2019	4753	AQUA-METRIC SALES CO	\$ 17,179.53	METER ORDER
54	7/19/2019	4750	BRENNTAG PACIFIC INC	\$ 18,000.00	PHOSPHORIC ACID
55	7/25/2019	4766	BRENNTAG PACIFIC INC	\$ 18,000.00	PHOSPHORIC ACID
56	7/9/2019	4713	YO FIRE	\$ 18,921.92	STOCK ORDER
57	7/19/2019	4752	HASA INC.	\$ 20,000.00	12.5% SODIUM HYPOCHLORITE
58	7/30/2019	4773	GENERAL PUMP COMPANY INC	\$ 20,874.41	PULL, REPAIR, INSTALL 4-3 BOOSTER
59	7/19/2019	4754	YO FIRE	\$ 21,775.26	STOCK ORDER
60	7/18/2019	4738	CDW GOVERNMENT INC	\$ 22,673.38	CISCO COMPONENTS

West Valley Water District  
 Monthly Purchase Order Report  
 July 2019

1.1.a

	DATE	PO#	VENDOR NAME	AMOUNT	DESCRIPTION
61	7/19/2019	4749	STERLING WATER TECHNOLOGIES LL	\$ 24,000.00	ALUMINIUM CHLOHYDRATE
62	7/25/2019	4763	BRENNTAG PACIFIC INC	\$ 24,000.00	FERRIC CHLORIDE
63	7/25/2019	4764	STERLING WATER TECHNOLOGIES LL	\$ 24,000.00	ALUMINUM CHLOROHYDRATE
64	7/25/2019	4767	HASA INC.	\$ 24,000.00	12% SODIUM HYPOCHLORITE
65	7/25/2019	4769	STERLING WATER TECHNOLOGIES LL	\$ 24,000.00	ALUMINUM CLOROHYDRATE
66	7/17/2019	4731	INLANDCON INC.	\$ 25,000.00	QUIET ROOM
67	7/19/2019	4746	STERLING WATER TECHNOLOGIES LL	\$ 25,000.00	12.5% SODIUM HYPOCHLORITE
68	7/19/2019	4751	STERLING WATER TECHNOLOGIES LL	\$ 25,000.00	E-38 POLYMER
69	7/25/2019	4765	STERLING WATER TECHNOLOGIES LL	\$ 25,000.00	E-38 POLYMER
70	7/25/2019	4770	HASA INC.	\$ 25,000.00	SODOIM HYPOCHLORITE
			<b>Total PO's GM Approval</b>	<b>\$ 515,919.16</b>	
71	7/17/2019	4730	ROB KATHERMAN CONSULTING	\$ 50,000.00	PROFESSIONAL SERVICES - CONSULTANT (BA: 6/20/19)
72	7/19/2019	4748	INLANDCON INC.	\$ 56,118.00	EXPANSION TO CENTRAL OFFICES (BA: 6/20/19)
73	7/18/2019	4737	BEST DRILLING AND PUMP INC	\$ 179,942.50	PHASE I AND II WELL 7 REHABILITATION (BA: 6/20/19)
			<b>Total PO's Board Approval</b>	<b>\$ 286,060.50</b>	
			<b>GRAND TOTAL</b>	<b>\$ 939,273.73</b>	
73 PO's					



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** CONSIDER NOTICE OF COMPLETION RECORDATION FOR VALLEY  
BLVD WATER LINE INSTALLATION

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**BACKGROUND:**

The West Valley Water District (“District”) has constructed 867 feet of pipeline in Valley Boulevard between Acacia Avenue and Eucalyptus Avenue in the Pressure Zone 3 service area. The installation of this pipeline will improve fire flow capability for current and anticipated development within the City of Colton’s Hub City Center project area within Zone 3. A request for bids to construct the 10-inch pipeline in Valley Boulevard was issued and the District received (3) bids on April 08, 2019 to perform the work. At the April 18, 2019 Board Meeting, the Board awarded a contract to Merlin Johnson Construction, Inc for the installation of the new pipeline.

**DISCUSSION:**

District staff has certified the substantial completion of the water line installation in Valley Boulevard from Acacia Avenue to Eucalyptus Avenue. Attached as **Exhibit A** is a copy of the certificate of substantial completion for your reference.

**FISCAL IMPACT:**

No fiscal impact.

**STAFF RECOMMENDATION:**

It is recommended that the Engineering, Operations and Planning Committee authorize staff to file the Notice of Completion for the project.

Respectfully Submitted,

Clarence C. Mansell Jr.

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Clarence Mansell Jr, General Manager

DG:ce

**ATTACHMENT(S):**

1. Exhibit A – Notice of Substantial Completion for Valley Blvd Water Line Installation

**MEETING HISTORY:**

08/14/19      Engineering and Planning Committee REFERRED TO BOARD

# EXHIBIT A



CERTIFICATE OF SUBSTANTIAL COMPLETION

Owner: West Valley Water District Project: Zone 3 – Valley Blvd Water Line Installation  
 Contractor: Merlin Johnson Construction, Inc  
 Construction Manager: West Valley Water District – Daniel Guerra  
 Inspector: West Valley Water District – Kurt Kazalunas

This Certificate of Substantial Completion applies to:

- All Work
- The following specified portions of the Work:

August 1, 2019

Date of Substantial Completion

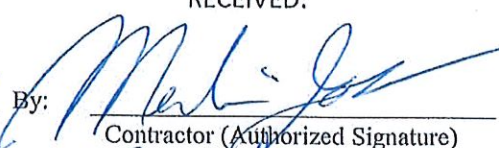
The Work to which this Certificate applies has been inspected by authorized representatives of Owner, Contractor, Inspector and Construction Manager, and found to be substantially complete. The Date of Substantial Completion of the Work or portion thereof designated above is hereby established, subject to the provisions of the Contract pertaining to Substantial Completion. The date of Substantial Completion in the Certificate of Substantial Completion marks the commencement of the contractual correction period and applicable warranties required by the Contract.

A punch list of items to be completed or corrected is attached to this Certificate. This list may not be all-inclusive, and the failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract.

The responsibilities between Owner and Contractor for security, operation, safety, maintenance, heat, utilities, insurance, and warranties upon Owner's use or occupancy of the Work shall be as provided in the Contract.

The following documents are attached to and made a part of this Certificate: Punchlist

This Certificate does not constitute an acceptance of Work not in accordance with the Contract Documents, nor is it a release of Contractor's obligation to complete the Work in accordance with the Contract.

EXECUTED BY CONSTRUCTION MANAGER:	RECEIVED:	RECEIVED:
By: <u></u> (Authorized signature) Engineering Development Coordinator	By: <u></u> Owner (Authorized Signature)	By: <u></u> Contractor (Authorized Signature)
Title: <u>Coordinator</u>	Title: <u>Engineering Services Manager</u>	Title: <u>President</u>
Date: <u>8/5/19</u>	Date: <u>8/7/19</u>	Date: <u>August 07, 2019</u>



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** AUTHORIZATION TO APPROVE CHANGE ORDER NO. 1 FOR THE CUSTOMER SERVICE FOYER RENOVATION PROJECT

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**BACKGROUND:**

The West Valley Water District (“District”) has identified a need to improve the Customer Service Foyer and the Administration Foyer. The project goal is to make these areas inviting and comfortable for our customers and the general public with structural and aesthetic enhancements.

This item was presented to the Engineering and Planning Committee on March 15, May 23, and July 12, 2017. At the May 23rd meeting Ruhnau Clarke Architects (“Architect”) was directed by the Engineering and Planning Committee Directors to prepare an update to the Conceptual Design options for both Foyers. These options were presented to the committee on July 12th were Option 2B was selected as the preferred Customer Service Foyer layout and Options 3A and 5A for the Administration Foyer. The Engineering and Planning Committee directed District Staff to have this item considered by the full Board of Directors. This item was presented to the full Board of Directors at the Board Meeting on August 3, 2017. At the August 3rd meeting the Board of Directors selected Options 2B and 3A and authorized the General Manager to negotiate a scope of work and fee with the Architect for a final design services task order based on Board selected options.

On May 29, 2018 the City of Rialto (“City”) approved the drawings for the Foyers Project prepared by the Architect.

District Staff was directed to remove the Administration Foyer from the scope of work and bidding documents. On June 25, 2018 the District Staff and Architect held a meeting to discuss separating the phasing schedule and scope of work Not-In-Contract (“NIC”). The Architect was directed to prepare an updated set of plans and specifications identifying which areas are NIC.

On July 2, 2018 a Request for Bids (“RFB”) was posted on PlanetBids for the Foyer Renovation Project. On July 30, 2018 one (1) bid was received. This item was presented to the Engineering and Planning Committee on August 8, 2018. At the August 8th, 2018 meeting District Staff was directed to re-bid the Customer Service Foyer Renovation Project (“Foyer Project”) and publically advertise in a newspaper.

On September 25, 2018 a Request for Bids (“RFB”) was posted on PlanetBids for the Foyer Project

to general building contractors and eight (8) construction firms. On September 28, 2018 the Bid Notice Inviting Bids for the Foyer Project was published in the San Bernardino County Sun newspaper. On October 30, 2018 four (4) bid were received.

**DISCUSSION:**

On January 25, 2019, the District entered into a contract with Caltec Corporation for the construction of the Customer Service Foyer Renovation Capital Improvement Project. While demolishing and preparing the site for improvements, the Contractor encountered the following unforeseen items that needed to be added to the scope of work and adjusted in the field to complete the project:

- Pour interior concrete infill which was anticipated to find concrete slab below the existing podium per the As-Built
- Coordinate and relocate electrical switch located in a wall to be demoed
- Coordinate the tube steel support requirements for security glazing support
- Install under slab vapor barrier for interior concrete slab infill
- New drop box opening modifications to accommodate bigger chute and enlarge the existing opening

The items listed above the original contract amount was required. Caltec Corporation has submitted Change Order No. 1 to cover the cost for this additional work.

**FISCAL IMPACT:**

This project was a budgeted item in the Fiscal Year 2019/20 Capital Improvement Budget under the W17040 Customer Service Foyer Renovation. This change order will increase the contract amount by \$16,524.66 for a total of \$583,526.66. A copy of Change Order No. 1 is attached as **Exhibit A**. Additional funds will be needed. The District's budget for Contingency has funds available to transfer. A summary of the requested budget transfer is as follows:

<b>CIP FY 2019-2020 Project Name</b>	<b>Current Budget</b>	<b>Construction Cost</b>	<b>Transfer From/To</b>	<b>Remaining Budget</b>
<b>CONT Contingency</b>	\$595,675.00	\$0.00	(\$16,524.66)	\$579,150.34
<b>W17040 Customer Service Foyer Renovation</b>	\$0.00	\$16,524.66	\$16,524.66	\$0.00

**STAFF RECOMMENDATION:**

It is recommended that the Engineering, Operations, and Planning Committee approve Change Order No. 1 for the Customer Service Foyer Renovation Construction Capital Improvement Project in the amount of \$16,524.66 and have this item considered by the full Board of Directors at a future meeting and authorize the General Manager to execute the necessary documents.

Respectfully Submitted,



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Clarence Mansell Jr, General Manager

RMG:ce

**ATTACHMENT(S):**

1. Exhibit A - Caltec Corporation Change Order No. 1

**MEETING HISTORY:**

08/14/19      Engineering and Planning Committee REFERRED TO BOARD

# EXHIBIT A

**SECTION 2.11  
of  
PROCEDURAL DOCUMENTS**

**CHANGE ORDER**

**OWNER:** West Valley Water District

**CONTRACTOR:** Caltec Corporation  
8732 Westminster Blvd. Suite 2  
Westminster, CA 92683

**PROJECT:** West Valley Water District Foyer  
Renovation

Change Order No. 1 Agreement Date: January 25, 2019

Date: 08/07/2019 Sheet 1 of 3

The following changes are hereby made to the Contract Documents:

**I. EXTRA WORK**

	<u>ADD</u>	<u>DEDUCT</u>
1. COR 04R2 – Interior Concrete Slab Infill – RFI 16	\$8,364.37	
2. COR 05 – Relocate Electrical switch – RFI 18	\$477.06	
3. COR 06R1 – Tube Steel Support – RFI 7	\$2,265.89	
4. COR 07 – Underslab Vapor Barrier for Interior Concrete Slab Infill – RFI 16	\$1,654.46	
5. COR 10R1 - Drop Box Opening Modifications – RFI 20R1	\$937.63	
6. City of Rialto Building Permit Fees	\$2,825.25	
<b>Total, for Item I</b>	<b>\$16,524.66 - \$0.00</b>	
<b>TOTAL FOR CHANGE ORDER NO. 1</b>	<b>\$16,524.66</b>	

**II. CONTRACT TIME**

Increased 0 calendar days

**III. JUSTIFICATION:**

1. COR 04R2 – It was anticipated to find a concrete slab below the podium per as built but it was not the case.
2. COR 05 – Field coordination. Electrical switch located in a wall to be demoed.
3. COR 06R1 – Coordination of Tube Steel Support requirements for security glazing support.
4. COR 07 – Vapor Barrier needed for Interior Concrete Slab Infill.
5. COR 10R1 – New Drop Box has a bigger chute and will require enlarging the existing opening.
6. City of Rialto Building Permit Fees Reimbursable to Contractor.

**CHANGE TO CONTRACT PRICE:**

Original Contract Price	\$ <u>567,000.00</u>
Current Contract Price Adjusted by Previous Change Order(s)	\$ <u>0.00</u>
Contract Price Due to This Change Order will be Increased	\$ <u>16,524.66</u>
New Contract Price, including This Change Order	\$ <u>583,524.66</u>

**CHANGE TO CONTRACT TIME:**

Contract Time will be increased	<u>0</u> Working Days
Date of Completion of All Work	<u>September 17, 2019</u> (Date)

**REQUIRED APPROVALS:**

To be effective, this Change Order must be approved by the Owner, or as may otherwise be required by the Supplemental General Conditions.

_____	_____
Requested By (Contractor)	Date
_____	_____
Recommended By (Project Manager)	Date
_____	_____
Recommended By (Asst. Gen. Manager)	Date
_____	_____
Accepted By (Owner)	Date





**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** CONSIDER NOTICE OF COMPLETION RECORDATION FOR THE  
WELL NO. 41 ION EXCHANGE TREATMENT PROJECT

---

**BACKGROUND:**

At the March 9, 2019 Mid-Year Budget Workshop and Water Reliability Workshop, District staff reported on the status of the system and pointed out a potential for not having adequate water supply to meet the high water demands this summer. To address this issue, District staff has embarked upon a Water Reliability Improvement Program.

On April 6, 2019, the Board of Directors authorized the General Manager to issue emergency contracts to approve vendors not to exceed \$335,000.00 in total without prior approval of the Board to rehabilitate, lower and/or add treatment systems to wells that staff determined are in need of such services. In order to ensure that adequate water sources are available to meet the summer demands, District staff will periodically report the system status and key projects that are in progress.

**DISCUSSION:**

On April 8, 2019, the District entered into an Agreement with Merlin Johnson Construction, Inc. for the Well 41 Ion Exchange Treatment Capital Improvement Project as part of the Well Reliability Improvement Program.

The District's Project Manager on the project, Rosa M. Gutierrez, P.E., has confirmed the substantial completion of the Well No. 41 Ion Exchange Treatment Project. Attached as **Exhibit A** is a copy of the certificate of substantial completion.

**FISCAL IMPACT:**

No fiscal impact.

**STAFF RECOMMENDATION:**

It is recommended that the Engineering, Operations, and Planning Committee authorize staff to file the Notice of Completion for the project.

Respectfully Submitted,



---

Clarence Mansell Jr, General Manager

RMG:ce

**ATTACHMENT(S):**

1. Exhibit A - Notice of Substantial Completion for Well No. 41

**MEETING HISTORY:**

08/14/19      Engineering and Planning Committee REFERRED TO BOARD

# EXHIBIT A

CERTIFICATE OF SUBSTANTIAL COMPLETION

Owner: West Valley Water District Project: Well 41 Ion Exchange Treatment (W19002)  
 Contractor: Merlin Johnson Construction, Inc  
 Project: West Valley Water District  
 Manager: Rosa M. Gutierrez, P.E.  
 Inspector:

This Certificate of Substantial Completion applies to:

- All Work  The following specified portions of the Work:

June 28, 2019

Date of Substantial Completion

The Work to which this Certificate applies has been inspected by authorized representatives of Owner, Contractor, Inspector and Construction Manager, and found to be substantially complete. The Date of Substantial Completion of the Work or portion thereof designated above is hereby established, subject to the provisions of the Contract pertaining to Substantial Completion. The date of Substantial Completion in the Certificate of Substantial Completion marks the commencement of the contractual correction period and applicable warranties required by the Contract.

A punch list of items to be completed or corrected is attached to this Certificate. This list may not be all-inclusive, and the failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract.

The responsibilities between Owner and Contractor for security, operation, safety, maintenance, heat, utilities, insurance, and warranties upon Owner's use or occupancy of the Work shall be as provided in the Contract.

The following documents are attached to and made a part of this Certificate: Punchlist

This Certificate does not constitute an acceptance of Work not in accordance with the Contract Documents, nor is it a release of Contractor's obligation to complete the Work in accordance with the Contract.

EXECUTED BY PROJECT MANAGER:		RECEIVED:	RECEIVED:
By: <u></u>	By: <u></u>	By: <u></u>	
(Authorized signature)	(Authorized Signature)	(Authorized Signature)	
Name: <u>Rosa M. Gutierrez P.E.</u>	<u>Joe Schaack</u>	<u>Merlin Johnson</u>	
(Print)	(Print)	(Print)	
Title: <u>Project Manager</u>	Title: <u>Production Supervisor</u>	Title: <u>Contractor</u>	
Date: <u>08/07/19</u>	Date: <u>8/7/19</u>	Date: <u>August 07, 2019</u>	



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** CONSIDER PURCHASING A NEW 350HP MOTOR AT THE WELL 6 SITE

---

**BACKGROUND:**

An agreement between the West Valley Water District (District) and the Goodrich/United Technologies Corporation (UTC) was executed on January 1, 2014, for Rockets, Fireworks and Flares Superfund Site Remediation. Subject to the terms of this agreement, UTC pays the District for operation and maintenance costs of the Fluidized Bed Biological Reactor Groundwater Treatment (FBR) Plant. Beginning in 2016, the FBR Plant began treating contaminated perchlorate-laden water from Well 6 to produce up to 3 million gallons per day (MGD) of quality drinking water that meets all of the Safe Drinking Water Act requirements.

Currently the District does not have a spare motor for Well 6. Due to long lead time for obtaining replacement for this motor, 6-8 weeks, District staff has identified a need to purchase a spare motor for Well 6. Without a spare motor, if the motor at Well 6 fails, the FBR Plant will be operating at reduced capacity by using a standby nitrate-laden water source from Well 11. UTC will reimburse the District the cost of the spare motor.

**DISCUSSION:**

On July 9, 2019, a Request for Bids ("RFB") was issued and publicly advertised on PlanetBids. Four (4) firms – Water-Way Irrigation ("WWI"), General Pump Company, Inc. ("GPC"), B&H International ("BHI") and Valley Power Systems ("VPS") – submitted bids. Attached as **Exhibit A** is the RFB for a New 350 HP US Motor.

Based on information received, District staff determined that the apparent low bid submitted by Water-Ways Irrigation was found to be non-responsive. The contractor did not bid according to the specifications in the RFB document and bid for an Aurora Motor instead of the stated US Motor. District staff determined that the second-lowest bid submitted by General Pump Company, Inc. was in conformance with the requirements. Attached as **Exhibit B** are the bids submitted by WWI, GPC, BHI and VPS.

The four bids were as follows:

Water-Ways Irrigation	<b>General Pump Company, Inc.</b>	B&H International	Valley Power Systems
\$13,467.86	<b>\$29,206.72</b>	\$39,493.61	\$42,761.93

**FISCAL IMPACT:**

This item is included in the Fiscal Year 2019/20 Operating Budget and will be funded from Account Number 011-5350-532.43-05 titled "Repair & Maintenance/Structures/Facility" with a budget of \$50,000.00. UTC will reimburse the District the full cost of the spare motor.

The District has complied with the District's purchasing policy regarding this item.

**STAFF RECOMMENDATION:**

Staff recommends that the Board of Directors approve the purchase of a new 350 HP Motor for Well 6 in the amount of \$29,206.72 from General Pump Company, Inc.

Respectfully Submitted,




---

Clarence Mansell Jr, General Manager

CM:jc

**ATTACHMENT(S):**

1. Exhibit A - RFB for New 350 HP US Motor
2. Exhibit B - WWI Bid, GPC Bid, BHI Bid, and VPS Bid

**MEETING HISTORY:**

08/14/19      Engineering and Planning Committee REFERRED TO BOARD

# EXHIBIT A



**REQUEST FOR BIDS (RFB)  
New 350 HP US Motor**

**INVITATION**

The West Valley Water District (“District”) is accepting bids from authorized distributors for the purchase a 350 HP US Motor.

No bids shall be submitted on Planet Bids (PB) after **4:00 p.m. on Tuesday, July 23, 2019**. Late qualification documents will not be accepted.

During the RFB process, consultants shall direct all questions in Planet Bids. Responses to questions received four (4) days prior to the RFB deadline will not be available. If there is any revision to the RFB, an addendum will be issued on Planet Bids (PB) and made available to all firms receiving RFB documents. Furthermore, all inquiries, addendums, questions, requests will be facilitated solely through Planet Bids.



**BACKGROUND**

West Valley Water District (“District”) is a County Water District, a public agency of the State of California, organized and existing under the County Water District Law (Division 12, Section 30000 of the Water Code) of the State of California. The District serves water to over 20,000 connections within the Cities of Rialto, Fontana, Colton, Jurupa Valley (Riverside County) and to unincorporated areas of San Bernardino County. The District’s service area includes a large amount of undeveloped land which is described in various specific plans.

The District’s distribution system includes eight pressure zones which are divided into a northern and southern system with the City of Rialto serving the area in between. The system includes 72.61 million gallons of storage capacity, 12 booster pump stations, 17 active production wells, several treatment facilities and over 150 miles of transmission lines.

Water supplies include groundwater from District wells in 4 groundwater basins, from imported State Water Project water and Lytle Creek surface flows treated at the Oliver P. Roemer Water Filtration Facility, from water purchased through the Base Line Feeder pipeline and from groundwater treated at our new Groundwater Wellhead Treatment System.

**INTRODUCTION**

The District anticipates the need for one (1) new 350 HP Motor as a spare for the existing 350 HP US Motor at the Well 6 site. The equipment shall meet all minimum specifications. Any additions, deletions or variations from the following specifications contained in this bid must be noted or the bid will be rejected.

**SCHEDULE OF EVENTS**

7/9/2019	Issuance of Request for Bids
7/17/2019	Deadline for Written Questions
7/23/2019	Bids Due by 4:00 PM
8/15/2019	District Approval of Contract (est. date)
8/30/2019	Issuance of Notice-to-Proceed (est. date)

**SPECIFICATIONS**

- One (1) US Motor 350HP
- 460V
- 1800RPM
- 447TPA frame
- Type RUI NEMA vertical hollowshaft motor
- High thrust “P” base
- WPI enclosure
- 1.15 service factor
- Random wound
- Class “F” insulation

- VPI-2000 insulation system
- Premium efficiency
- Bearing & winding RTD's shaft grounding
- Special balance
- Inverter duty

### **EQUIVALENTS**

Where, in the Bid documents, one certain kind, type, brand, technology or product manufacturer is named, it shall be regarded as the required standard of quality. It is not meant to exclude competition in any way. Similar equipment, products, or service, which are equal in quality, performance, and compatibility and equally adaptable for the intended purposes, as determined by the District and are submitted as specified in the bid documents, will be considered and may be accepted.

### **DELIVERY**

The equipment purchased as a result of this Bid solicitation shall be delivered to a District Headquarters located at 855 W. Base Line Road in Rialto, California 92377. All responsibility, liability and cost associated with the delivery of the equipment shall be borne by the vendor. The vendor shall provide training for all staff.

### **WARRANTY**

Unless specified otherwise herein, Bidder will be required in the purchase contract to warrant that all the equipment furnished under the Contract will be free from defects in workmanship and conform to the requirements of the Contract as set forth in the Bid Specifications and to all warranties, representations, and literature furnished with Seller's bid hereunder. Seller will also be required to warrant the goods against all defects for at least twenty-four (24) months from the date of acceptance except where warranties of Seller's vendors or subcontractors are longer, in which case the longer warranty will apply, and Seller will be required to agree to repair or replace all defective items, parts or components under the warranty at no cost to the District. Under the contract, if the Seller fails or refuses to correct the defect, the District would be allowed to correct or repair the equipment and charge to the Seller the cost incurred to the District or obtain an equitable adjustment in the Contract price.

Any manufacturer's warranties that Seller receives applicable to the equipment or their parts, would survive the executed Contract and will run to the District and will not be deemed exclusive but in addition to any warranty provided by Seller under the Contract.

### **GENERAL REQUIREMENTS**

#### **1. Bids**

Bids must be submitted on blank forms prepared and furnished with this Request for Bids, for that purpose. Contractors may obtain copies of the specifications through the District's Planet Bids (PB) electronic bidding system. Only bids submitted in electronic format through

the District's PB site will be accepted. The bid shall include the total cost.

## 2. Prevailing Wages

Contractors on this Work will be required to comply with the President's Executive Order No. 11246 (Equal Employment Opportunity Clause) as amended, California Government Code Section 12900 et. seq., California Labor Code Section 177.6 and implementing regulations concerning equal opportunity for Apprentices.

The Director of the Department of Industrial Relations has ascertained the general prevailing rate of per diem wages and the general rate for holiday and over-time work in the locality in which the work is to be performed for each craft or type of workmen needed to execute the Contract of Work as hereinafter set forth (see Labor Code 1770 et. seq., effective January 1, 1977). Copies of the rates are available online at <http://www.dir.ca.gov/oprl>. The successful Contractor shall provide a copy of such determinations to each crew working on this maintenance contract. Attention is called to the fact that not less than the minimum salaries and wages shall be paid on these Projects by all Contractors and Subcontractors.

Pursuant to Section 1740 of the California Labor Code, contractors are notified that the said wage rates shall be subject to modification to comply with revisions in Federal Minimum Wage schedules without necessity of republication.

## 3. Department of Industrial Relations Compliance

West Valley Water District requires all contractors/vendors to be registered with the State of California Department of Industrial Relations (DIR). This provision applies to all public works contracts in excess of \$15,000 or more. *Public Works* is defined as "construction, alteration, demolition and installation, or repair work (including maintenance) performed under a contract utilizing public funds." ***All bidders or contractors must provide proof of registration with the DIR in their bids or the bid will be rejected.***

## 4. Workers Compensation Clause

The Contractor and its Subcontractor(s) shall comply with the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code.

## 5. Payment

Payments will be made to the Contractor in accordance with the provisions of the specifications and on itemized estimates duly certified by the Contractor and approved by the District. Payment shall not be made more often than once each thirty (30) days.

## 6. Award and Execution

The award of contract, if made, will be made within thirty (30) calendar days from the date of the bid opening with a Purchase Order.

The District hereby reserves the right to reject any and all bids, to waive any irregularity, and to award the contract to the lowest responsible responsive bidder. No bidder may withdraw his bid and the bid is to remain firm for a period of ninety (90) days after bid opening.

#### **7. Contractual Documents**

Contractual Documents, including specifications, may be downloaded through the District's Planet Bids (PB) System.

### **EVALUATION PROCESS AND SELECTION CRITERIA**

The District's evaluation and selection process is based upon meeting all requirements listed in the specifications section. The district reserves the right to award project to the lowest responsible responsive bidder.

# EXHIBIT B

West Valley Water District

350HP US Motor (2020-01), bidding on July 23, 2019 4:00 PM (Pacific)

Printed 07/25/2019

**Bid Results****Bidder Details**

**Vendor Name** water-ways irrigation  
**Address** 20935 stockdale hwy.  
 Bakersfield, CA 93314  
 United States

**Respondee** Rick McCombs  
**Respondee Title** Sales Rep  
**Phone** 661-978-8103 Ext.  
**Email** r.mccombs@water-waysirrig.com  
**Vendor Type**

**Bid Detail**

Bid Responsive

**Line Items**

Num	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
<b>Discount Terms</b> no discount							
<b>Section 1</b>							
1	Motor 350 HP per RFB Specifications	ea	1	\$12,243.9500	\$12,243.9500	\$12,243.9500	Aurora Manufacturing
2	Sales Tax	ea	1	\$948.9100	\$948.9100	\$948.9100	
3	Delivery	ea	1	\$275.0000	\$275.0000	\$275.0000	
				<b>Subtotal</b>	<b>\$13,467.8600</b>	<b>\$13,467.8600</b>	
				<b>Total</b>	<b>\$13,467.8600</b>	<b>\$13,467.8600</b>	

## West Valley Water District

350HP US Motor (2020-01), bidding on July 23, 2019 4:00 PM (Pacific)

Printed 07/25/2019

**Bid Results****Bidder Details**

**Vendor Name** General Pump Company, Inc.  
**Address** 159 North Acacia Street  
 San Dimas, CA 91773  
 United States

**Respondee** Michael Bodart  
**Respondee Title** President / Dir. of Engr.  
**Phone** 909-599-9606 Ext.  
**Email** ajuarez@genpump.com  
**Vendor Type** CADIR

**Bid Detail**

Bid Responsive

**Line Items**

Num	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
<b>Discount Terms</b> no discount							
<b>Section 1</b>							
1	Motor 350 HP per RFB Specifications	ea	1	\$27,106.0000	\$27,106.0000	\$27,106.0000	
2	Sales Tax	ea	1	\$2,100.7200	\$2,100.7200	\$2,100.7200	
3	Delivery	ea	1	0	0	0	Included
				<b>Subtotal</b>	<b>\$29,206.7200</b>	<b>\$29,206.7200</b>	
				<b>Total</b>	<b>\$29,206.7200</b>	<b>\$29,206.7200</b>	

**Bid Results**

**Bidder Details**

**Vendor Name** b&h international  
**Address** 4600 Ashe Road  
 Bakersfield, CA 93313  
 United States  
  
**Respondee** Anthon Snygg  
**Respondee Title** Purchasing Manager  
**Phone** 661-832-3181 Ext.  
**Email** purchase@bhinternational.biz  
**Vendor Type**

**Bid Detail**

Bid Responsive

**Line Items**

Discount Terms		no discount					
Num	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
<b>Section 1</b>							
1	Motor 350 HP per RFB Specifications	ea	1	\$36,653.0000	\$36,653.0000	\$36,653.0000	SEE ATTACHED ITEM DETAILS
2	Sales Tax	ea	1	\$2,840.6100	\$2,840.6100	\$2,840.6100	7.75% Tax rate
3	Delivery	ea	1	0	0	0	Included
				<b>Subtotal</b>	<b>\$39,493.6100</b>	<b>\$39,493.6100</b>	
				<b>Total</b>	<b>\$39,493.6100</b>	<b>\$39,493.6100</b>	



West Valley Water District

Page 1

350HP US Motor (2020-01), bidding on July 23, 2019 4:00 PM (Pacific)

Printed 07/25/2019

**Bid Results****Bidder Details**

**Vendor Name** Valley Power Systems  
**Address** 425 S. Hacienda Blvd.  
 City of Industry, CA 91745  
 United States  
**Respondee** Nicholas Padilla  
**Respondee Title** Sales Engineer  
**Phone** 916-281-7938 Ext.  
**Email** nicholas.padilla@valleypsi.comTruck  
**Vendor Type**

**Bid Detail**

Bid Responsive

**Line Items**

Num	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
<b>Discount Terms</b> no discount							
<b>Section 1</b>							
1	Motor 350 HP per RFB Specifications	ea	1	\$38,670.0000	\$38,670.0000	\$38,670.0000	US Motors as specified.
2	Sales Tax	ea	1	\$2,996.9300	\$2,996.9300	\$2,996.9300	
3	Delivery	ea	1	\$1,050.0000	\$1,050.0000	\$1,050.0000	
				<b>Subtotal</b>	<b>\$42,716.9300</b>	<b>\$42,716.9300</b>	
				<b>Total</b>	<b>\$42,716.9300</b>	<b>\$42,716.9300</b>	



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** TREASURER REPORT MAY 2019

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West Valley May 2019 Treasurer Report  
West Valley Water District Memo for May 2019 Investments  
West Valley Water District Memo for May 2019 Reserve Accounts  
May 2019 Investment Policy Analysis  
May 2019 Bond Analysis

Respectfully Submitted,

A handwritten signature in blue ink that reads "Clarence C. Mansell Jr." with a stylized flourish at the end.

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Clarence Mansell Jr, General Manager

MVC:ce

**ATTACHMENT(S):**

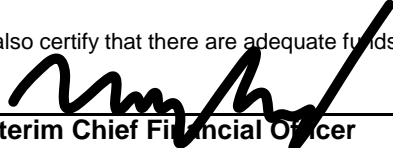
1. May 2019 WVWD Board Report

West Valley Water District  
Cash, Investment & Reserve Balances - May 31, 2019

Institution/Investment Type	April 2019 Balance	May 2019 Balance	RESERVE ACCOUNT	Minimum Balance
<b>Funds Under Control of the District:</b>			<b>RESTRICTED FUNDS</b>	
District Cash Drawers	\$ 4,300.00	\$ 4,300.00	2016A Bond	\$ 513.92
	<b>\$ 4,300.00</b>	<b>\$ 4,300.00</b>	Customer Deposit Accounts	\$ 3,158,603.04
Checking and Savings:			Capacity Charge Acct Balance	\$ 9,696,616.48
Chase - General Government Checking	\$ 3,118,747.79	\$ 5,194,258.67	CIP account in LAIF for capital purposes	\$ 3,000,000.00
Chase - Special Rebate Checking	\$ 29.68	\$ -	Rebate 2015 (Cleared \$2,508,177.98)	\$ 30,292.98
Chase - UTC Routine Checking	\$ 17,046.61	\$ 303,131.60	Rebate 2018 (Cleared \$2,191,123.74)	\$ 66,148.71
Chase - UTC Non-Routine Checking	\$ 48,799.59	\$ 48,745.20		<b>\$ 15,952,175.13</b>
	<b>\$ 3,184,623.67</b>	<b>\$ 5,546,135.47</b>	<b>CAPITAL RESERVE FUNDS</b>	
State of California, Local Agency Investment Fund	\$ 16,186,642.26	\$ 16,186,642.26	Capital Project Account - 100% FY 18-19	\$ 11,149,758.00
US Bank - Chandler Asset Mgmt	\$ 12,393,944.81	\$ 12,493,221.42	Capital Project Account-80% FY 19-20	\$ 9,256,800.00
CalTrust Pooled Investment Fund - Short Term	\$ 15,255,766.31	\$ 15,288,668.87	Administrative & General Account	\$ 1,339,756.10
CalTrust Pooled Investment Fund - Medium Term	\$ 10,359,345.33	\$ 10,421,325.19		<b>\$ 21,746,314.10</b>
U. S. Treasury Bills			<b>LIQUIDITY FUNDS</b>	
Government Agencies (Federal Home Loan Bank)	\$ -	\$ -	Rate Stabilization Account	\$ 875,110.46
			Operating Reserve Account	\$ 4,465,853.67
<b>Total</b>	<b>\$ 57,384,622.38</b>	<b>\$ 59,940,293.21</b>	Emergency Account	\$ 1,189,496.96
Funds Under Control of Fiscal Agents:			Water Banking Account	\$ 125,000.00
<b>US BANK</b>				<b>\$ 6,655,461.09</b>
2016A Bond - Principal & Payment Funds	\$ 284.17	\$ 284.64	<b>OTHER RESERVES</b>	
2016A Bond - Interest Fund	\$ 228.90	\$ 229.28	Self-Insurance Reserve	\$ 5,000,000.00
<b>Total</b>	<b>\$ 513.07</b>	<b>\$ 513.92</b>		<b>\$ 5,000,000.00</b>
<b>Grand Total</b>	<b>\$ 57,385,135.45</b>	<b>\$ 59,940,807.13</b>	<b>OPERATING CASH</b>	
			Balance Available for Daily Operations	\$ 10,586,856.81
				<b>\$ 10,586,856.81</b>
			<b>Grand Total</b>	<b>\$ 59,940,807.13</b>
			<b>UNRESTRICTED RESERVES</b>	<b>\$ 43,988,632.00</b>

I hereby certify that the investment activity for this reporting period conforms with the investment policy adopted by the West Valley Water District Board of Directors and the California Government Code Section 53601

I also certify that there are adequate funds available to meet the District's Budget.

  
\_\_\_\_\_  
Interim Chief Financial Officer

## West Valley Water District Investment Memo – May 2019

**Note:**

All significant assumptions, methodologies and analyzed amounts were discussed with and agreed to by the District's accounting staff. From this conversation, we believe the District's accounting staff has the requisite knowledge and understanding of the processes/analyses prepared by CLA as not to impairment our independence.

**Total Fund Balance**

When comparing the District's total fund balances month-over-month between April (\$57,385,135.45) and May (\$59,940,807.13), CLA found the \$2,555,671.68 increased fund balance was largely due to over \$1,800,000 in deposits for development projects into the District's governmental checking account. Additionally, West Valley also received its quarterly deposit of roughly \$286,000 from United Technologies Corporation into the UTC Routine checking account. The remaining increase to the District's fund balance stem from various gains in the District's investment accounts from April 2019 to May 2019.

**U.S. Bank Chandler Custodial Account**

**Cash/Money Market** - Per Section 9.11 of the District's investment policy, "The company shall have met either one of the following criteria: 1) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs "Nationally Recognized Statistical Rating Organization" or 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars." Based on Chandler Asset Management's reconciliation summary for the period ending May 31, 2019, CLA was able to verify that all of the District's cash and money-market securities were in accordance with the investment policy. CLA also conducted an independent investigation of the District's cash and money-market securities and found that all of the District's holdings were in alignment with the requirements set forth in the investment policy.

In addition to ensuring that the District's money market funds attained the highest ranking provided by more than one NRSRO, the District also met the requirements outlined in Section 9.11 of the investment policy through its established relationship with Chandler Asset Management. With total assets under management of over \$13.5 billion and a portfolio manager with over five years of experience in managing money market mutual funds, Chandler Asset Management exceeds the aforementioned requirements of the District's policy.

Per the investment policy, the maximum percentage of District investments in money market funds is capped at 20%. Similarly, the allowable mutual fund and money market account instruments per California government code (Sections 53601(I) and 53601.6(b)) for local government entities are also capped at 20%. The District's money market balance percentage as of May 31, 2019 is 0.26%. Therefore, the District is in compliance with both the investment policy and California governmental code.

**United States Treasury Issues** – Per Section 9.1 of the investment policy, "there's no limitation as to the percentage of the portfolio that may be invested in this category, however, maximum investment

## West Valley Water District Investment Memo – May 2019

maturities are limited to up to five years.” Based on CLA’s analysis, the purchase dates for all United States treasury issues fall within the five-year framework established in the investment policy.

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of United States Treasury Issues. As of May 31, 2019, the accrued interest (\$11,499.66) as a percentage of the fair market value is 0.39% which is deemed immaterial for United States Treasury Issues.

The District’s investment policy is also in uniformity with the State of California’s Local Agency Investment Guidelines (Government Code Section 53601(b)). These guidelines do not establish a maximum specified percentage of the District’s investment portfolio for United States Treasury Obligations. The State of California’s guidelines do, however, establish that maximum investment maturities for United States Treasury Obligations are limited to five years. As of May 31, 2019, 5% of the District’s total portfolio is invested in United States treasury issues. With no maximum percentage established for United States Treasury issues, the District is in conformity with the investment policy and the State of California’s Local Agency Investment Guidelines.

**Medium-Term Notes** – Section 9.10 of the District’s investment policy states “purchases are limited to securities that have a long-term debt rating of at least the “A” category, or its equivalent, by a NRSRO.” The investment policy also states that medium-term notes should have a “maximum remaining maturity of five years or less”. All instruments categorized as medium-term notes in the District’s portfolio are in compliance with Section 9.10 of the investment policy, as each security has a satisfactory long-term debt rating and the investment matures within the five-year time frame as dictated in the policy. Based on CLA’s analysis, the purchase dates for all medium-term notes fall within the five-year framework established in the investment policy.

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of Medium-Term Notes. As of May 31, 2019, the accrued interest (\$21,788.39) as a percentage of the fair market value is 0.69% which is deemed immaterial for Medium-Term Notes.

Per Section 9.10 of the investment policy, the maximum percentage of investments in medium short-term notes is 30% of the portfolio.

The District’s investment policy is also in accordance with the State of California’s Local Agency Investment Guidelines (Government Code Section 53601(k)) regarding medium-term notes. These guidelines establish a maximum specified percentage of the District’s investment portfolio for medium-term notes at 30%. The State of California’s guidelines also establish that maximum investment maturities for medium-term notes are limited to five years.

Medium-term notes constitute roughly 5.4% of the District’s total investment balance as of May 31, 2019. Therefore, the District is in compliance with both the investment policy and the State of California’s standards.

**Federal Agency Obligations** – Per Section 9.5 of the District’s investment policy, “there is no limitation as to the percentage of the portfolio that may be invested in this category, however, purchases of callable Federal Agency obligations are limited to a maximum of 30 percent of portfolio.” Although the policy does not explicitly list the bond rating requirements for federal agency obligations, all of the District’s current federal agency holdings are rated AAA by multiple NRSRO’s as of May 31, 2019.

## West Valley Water District Investment Memo – May 2019

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of Federal Agency Obligations. As of May 31, 2019, the accrued interest (\$38,174.58) as a percentage of the fair market value is 0.68% which is deemed immaterial for Federal Agency Obligations.

Although the District's investment policy caps federal agency obligations at 30 percent of the investment portfolio, the State of California's Local Agency Investment Guidelines have not established a maximum specified percentage for investments in federal agency obligations (Government Code Section 53601(f)). However, these guidelines are in accordance with the District's investment policy in that maximum investment maturities for federal agency obligations are limited to five years.

The maximum percentage of the District's investments in federal agency obligations is 30% of the portfolio. Federal agency obligations represent 9.4% of the District's total investment balance as of May 31, 2019. Therefore, the District is in accordance with both its investment policy as well as the guidelines set-forth by the State of California.

#### **Local Agency Investment Fund (LAIF)**

The State of California, Local Agency Investment Fund (LAIF) processes a same-day transaction if notified by 10:00 am. This ability satisfies the investment requirement of 24-hour liquidity as stipulated in the investment policy for the District.

Per Section 9.2 of the District's investment policy, the maximum percentage of investments in the State of California, Local Agency Investment Fund is unlimited.

The District's investment policy is also in accordance with the State of California's Local Agency Investment Guidelines (Government Code Section 16429.1) concerning the Local Agency Investment Fund. These guidelines establish no maximum specified percentage of the District's investment portfolio while also establishing no maximum maturity date for LAIF investments.

As of the period ending May 31, 2019, the District's Local Agency Investment Fund balance represents 27% of the District's entire portfolio. Therefore, the District is in compliance with the investment policy as well as the standards of the Local Agency Investment Guidelines.

Based on the LAIF performance report for the quarter ending June 30, 2019, (attached as an addendum to the investment memo), LAIF investments had a net-yield of 2.449% for the month-ending May 31, 2019. In terms of portfolio composition, LAIF fund investments were split into the following categories (percentages may not total 100% due to rounding):

- Treasuries- 49.13%
- Agencies- 21.59%
- Certificates of Deposit/Bank Notes- 17.56%
- Commercial Paper- 6.37%
- Time Deposits- 4.59%
- Loans- 0.74%

On March 20, 2019, the District received a \$3 million dollar settlement as part of a larger association of local water districts and municipalities, from the San Gabriel Valley Water Company, Fontana Union Water Company and the San Gabriel California Corporation. Per the settlement agreement, "West Valley

## West Valley Water District Investment Memo – May 2019

and the non-settling plaintiffs separately asserted six claims alleging breach of contract and other claims arising from the 1961 Decree.” The 1961 Decree governs groundwater pumping from a portion of the Rialto-Colton Basin. The claims also concern the defendants (Fontana Parties) pumping from a portion of the Rialto-Colton Basin that is outside the Rialto Basin as defined by the 1961 Decree. The San Bernardino Basin Area and most but not all of the Rialto-Colton Basin are located within the service area of the Valley District and this violation served as the basis of the settlement.

The settlement check was received and deposited into the District’s General Government Checking bank account and the District’s board approved the transfer of the \$3 million dollars in settlement funds to the District’s LAIF account on April 4, 2019. While these funds have been earmarked for Capital Improvement Projects, the District has yet to allocate these funds to any specific project and the District will house all settlement funding in the LAIF account until board approval is received for the allocation of these funds.

**The Investment Trust of California (CalTRUST)**

The District maintains investments in the CalTRUST Short-Term and CalTRUST Medium-Term Funds. For the period ending May 31, 2019 the Net Asset Value per share was \$10.03 (\$15,288,668.87 book value) for CalTRUST Short-Term Fund investments and \$10.04 (\$10,421,325.19 book value) for CalTRUST Medium-Term Fund investments. Per the S&P Global Rating Pool Profile, the credit rating for the Short-Term Fund is AAf, identifying the credit quality of the fund’s portfolio performance as very strong. Per the S&P Global Rating Pool Profile, the credit rating for the Medium-Term Fund is A+f, identifying the credit quality of the fund’s portfolio performance as strong.

Per Section 9.3 of the District’s investment policy, “no limit will be placed on the percentage total in this category.” The State of California also fails to establish a maximum percentage total for investment trusts per Government Code Section 16340. As of the period ending May 31, 2019, the District’s CalTRUST investment balance represents roughly 42.9% of the District’s entire portfolio. Therefore, the District is in compliance with the investment policy and the standards set-forth by the State of California as it relates to CalTRUST securities.

**Bank Deposits**

Based on the District’s investment policy, “Securities placed in a collateral pool must provide coverage for at least 100 percent of all deposits that are placed in that institution.” As of May 31, 2019, the District maintained balances within the FDIC limit of \$250,000 for each of its bank accounts, with the exception of the Chase General Governmental Checking and UTC Routine Checking accounts. The Chase General Governmental Checking account maintains funds for operational purposes and normally carries a balance of at least \$1.5 million dollars which represents funding for one payroll and one accounts payable check run. In CLA’s comparison between the District’s general checking account balances for April 2019 (\$3,118,747.79) and May 2019 (\$5,194,258.67), CLA found the increase in the May 2019 checking account balance was largely due to the receipt of over \$1,800,000 in deposits for development projects. The UTC Routine Checking account does not normally exceed the FDIC limit on a monthly basis, however, the quarterly deposit from United Technologies Corporation for \$286,128.75 was recorded in this account near the end of May 2019. UTC deposits recorded to this account are normally transferred

## West Valley Water District Investment Memo – May 2019

to the governmental checking account within five business days of the deposit with board approval. However, the District's board did not approve this transfer until the July 2019 board meeting, therefore, this balance should fall below the FDIC limitations in August 2019 once the District's accounting team records the transfer to the governmental checking account.

In analyzing the accounting for the District's cash drawers (\$3,600) and petty cash (\$700), per the District's accounting staff, the District's cash drawers are reconciled on a daily basis. Each drawer is counted by the customer service representative responsible for the drawer and a secondary count is performed by the customer service lead or supervisor prior to the funds being relinquished to the District's armored security provider, Gaurda, for deposit on a daily basis. Cash deposits are reconciled daily by the District's accounting department. Petty cash is also reconciled by the accounting department on a monthly basis. The District has provided a formalized cash drawer reconciliation for May where they confirm the total amount of cash drawers issued to employees with no variance and the supervisor signs-off on the last working day of the month.

Section 9.12 of the investment policy asserts that "there is no limit on the percentage of the portfolio that may be invested in bank deposits." Similarly, the State of California's Government Code for Allowable Investment Instruments fails to dictate any portfolio standards for general bank deposit accounts. Although no maximum has been established for amounts invested in bank deposits by the investment policy or the State of California, CLA can verify that as of May 31, 2019 the District had 9.3% of its portfolio invested in bank deposit accounts.

### **Supranationals**

Supranationals are explicitly defined in Section 9.14 of the investment policy as "US dollar-denominated senior unsecured unsubordinated obligations or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank". Securities listed as supranationals must be rated in the AA category or higher by a NRSRO and no more than 30% of the District's portfolio may be invested in these securities with a maximum maturity of five years.

The District's investment policy is also in accordance with the State of California's Local Agency Investment Guidelines (Government Code Section 53601(q)) regarding supranationals. These guidelines establish a maximum specified percentage of the District's investment portfolio for supranationals at 30%. The State of California's guidelines also establish that maximum investment maturities for suprnationals should be five years or less.

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of supranationals. As of May 31, 2019, the accrued interest (\$2,188.36) as a percentage of the fair market value is 0.45% which is deemed immaterial for supranationals.

As of May 31, 2019, the District's investments in two securities categorized as supranationals was roughly 0.8% of the total portfolio and both securities maintained a maturity date of less than five years from the original purchase date. CLA can confirm that the District's supranational investments meet the standards of both the investment policy and the State of California.



## West Valley Water District Reserve Memo – May 2019

**Note:**

All significant assumptions, methodologies and analyzed amounts were discussed with and agreed to by the District's accounting staff. From this conversation, we believe the District's accounting staff has the requisite knowledge and understanding of the processes/analyses prepared by CLA as not to impairment our independence.

**Restricted Funds**

**Bond Proceeds Fund(s)** – Balances in the bond proceeds fund accounts represent monies derived from the proceeds of a bond issue. Per the requirements of the District's reserve policy, the target level for the debt service reserve requirement is established at the time of the bond issue. Based on documentation provided to CLA, "no reserve fund has been established in connection with the issuance of the 2016A bonds." Therefore, the May 31, 2019 ending balance of \$513.92 satisfies the minimum balance requirements per the District's reserve policy.

**Customer Deposit Accounts** – Due to fluctuations in the number of utility customer deposits required and the number of development projects in process, no minimum or maximum levels have been established for customer deposit accounts. The customer deposit account balances presented on the treasurer's report are based on the ending balance on the general ledger for the month. The customer deposit accounts are reconciled periodically, however, they have not been traditionally reconciled monthly. CLA was able to confirm that the customer deposit accounts balance presented on the May 2019 Treasurer's Report reconcile with the general ledger. The May 31, 2019 balance of \$3,158,603.04 in customer deposit accounts satisfies the balance requirements of the District's reserve policy.

**Capacity Charge Account** – The District's reserve policy does not explicitly address or specify any minimum or maximum funding levels for capacity charge accounts. However, based on the reconciliation schedule provided by the District, CLA can confirm that the balance of \$9,696,616.48 presented on the May 2019 Treasurer's Report for the Capacity Charge Account reconciles with the documentation provided to CLA with no variance.

**CIP Account in LAIF for Capital Purposes** – On March 20, 2019, the District received a \$3 million dollar settlement as part of a larger association of local water districts and municipalities, from the San Gabriel Valley Water Company, Fontana Union Water Company and the San Gabriel California Corporation. The check was received and deposited into the District's General Government Checking bank account and the District's board approved the transfer of the \$3 million dollars in settlement funds to the District's LAIF account on April 4, 2019. While these settlement funds have been restricted for Capital Improvement Projects, currently there are no designations or allocations for District funding towards any Capital Improvement Projects.

**Rebate Accounts** – Per the District's accounting staff, West Valley Water District currently maintains two rebate balances, the Rebate 2015 and Rebate 2018 accounts. These rebates represent one-time payments due to customers for consumption charges. As of September 30<sup>th</sup>, the Special Rebate account was used to house all funds for rebates due to customers. However, the September 2018 Special Rebate Checking account's balance of \$162,055.57 was transferred to the general government checking account which would then be used to pay for all outstanding rebate checks at the end of September 2018.

## West Valley Water District Reserve Memo – May 2019

Although the May 2019 Special Rebate Checking balance is \$0, all outstanding rebates for 2015 and 2018 will be paid from the District's general government checking account. The balances highlighted on the May 2019 Treasurer's Report indicate outstanding payments due to customers for each rebate. West Valley's by-laws state that the District must maintain and properly account for any rebates due to customers for at least three years after the rebate's original date of issuance. After three years the District is then able to absorb those funds for general operating purposes. The District's reserve policy does not explicitly address or specify any minimum or maximum funding levels for rebate accounts.

Based on the reconciliation schedule provided by the District, CLA can confirm that the balances presented on the May 2019 Treasurer's Report for the Rebate 2015 (\$30,292.98) and Rebate 2018 (\$66,148.71) accounts reconcile with the documentation provided to CLA with no variance. The District will restrict funding for these rebate accounts until the aforementioned three-year deadline is reached.

### **Capital Reserve Funds**

**Capital Project Account** – The capital project account is used for the funding of new capital assets or the rehabilitation, enhancement, or replacement of capital assets when they reach the end of their useful lives. Per the requirements of the District's reserve policy, "the minimum target level WVWD will strive for is 100% of its then-current year fiscal year from the Capital Improvement Budgets plus 80% of the amount estimated to be needed the following fiscal year." The District currently maintains a balance of \$20,406,558 (\$11,149,758 for fiscal year 2018-19 and \$9,256,800 for fiscal year 2019-20) in its capital project account, meeting the minimum target level required for both fiscal years. CLA was able to confirm that the District is in adherence with the minimum target level requirement as of May 31, 2019 by reviewing the board-approved 2018-19 Capital Improvement Budget which shows a total CIP for fiscal year 2018-19 of \$11,149,758. CLA was also able to confirm that the District meets its minimum target level for 2019-20 by reviewing the West Valley Water District's Water Master Plan, which details the District's capital improvement budgets for each year through fiscal year 2022-23. The District expects to expend \$12,638,000 in capital improvement costs in 2019-20. Per the District's accounting staff, the Well 2A IVDA supply improvement project totaling \$1,067,000 has been canceled for 2019-20 and should be deducted from the 2019-20 capital improvement costs of \$12,638,000, leaving a remaining capital improvement budget of \$11,571,000. The reserve policy only requires the district to maintain 80% of the amount estimated to be needed the following fiscal year (2019-20) which amounts to \$9,256,800, which fulfills the minimum target level requirements.

**Administrative & General Account** – The administrative and general account is utilized to fund certain general, administration and overhead projects. While no specific target level has been earmarked for either component, the District hopes to maintain a minimum balance in the administrative and general account equal to 5% of its annual operating expenses. Per the FY 2018-19 board-approved budget with mid-year amendments, CLA can confirm the District has an operating expenses budget of \$26,795,122. As of May 31, 2019, the administrative and general account contains \$1,399,756.10, which satisfies the 5% minimum requirement of the District's reserve policy.

### **Liquidity Funds**

**Rate Stabilization Fund** – This fund is established to provide flexibility to the Board when settling rates to allow for absorbing fluctuations in water demand and smoothing out rate increases over time, temporarily defraying any unforeseen decreases in the sale of water. To remain in conjunction with the

## West Valley Water District Reserve Memo – May 2019

reserve policy, the District should aim to maintain a minimum level equal to 5% of water sales. Per the FY 2018-19 board-approved budget, the District anticipates water revenues of \$17,502,209 for the current fiscal year. Therefore, CLA can verify that the District's current balance of \$875,110.46 in its rate stabilization account achieves the minimum target level for this account as indicated in the reserve policy.

**Operating Reserve Account** – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses or decreases in revenues and unanticipated increases in expenses. Given the significance of this account, the District strives to maintain a minimum amount equal to 60 days of the District's budgeted total operating expenses in this account. Per the FY 2018-19 board-approved budget with mid-year amendments, CLA can validate that the District has an operating expenses budget of \$26,795,122. As of May 31, 2019, the operating reserve account maintains a balance of \$4,465,854, which satisfies the requirements of the District's reserve policy.

**Emergency Account** – The emergency account may be utilized to purchase water at any time or to begin repair of the water system after a catastrophic event. Therefore, a minimum target level equal to 1% of net capital assets of the District's water system has been established to enable the district to manage emergency situations. Per May 31, 2019 general ledger detail reporting provided by the District's accounting staff, CLA was able to confirm that the District's net assets total \$118,949,696. As of May 31, 2019, the emergency account represents a balance of \$1,189,496.96 or 1% of total net assets, allowing the District to meet its requirements for the reserve policy.

**Water Banking Account** – The District's reserve policy states "The District will strive to maintain a minimum level equal to the cost of 1,000 acre-feet of water and a maximum amount equal to the cost of 10,000 acre-feet of water." Per an invoice from the San Bernardino Valley Municipal Water District, CLA can confirm that the District currently pays \$125 per acre-feet of water. By maintaining a balance of \$125,000 in its Water Banking Account, the District is in adherence with its reserve policy.

**Self-Insurance Reserve** – As indicated in the minutes from the April 5, 2018 board meeting, the District's board of directors approved \$5,000,000 in funds for employee liability claims. Per e-mail correspondence with the District's interim Chief Financial Officer, dated July 3, 2019, there has not been any updates to the self-insurance reserve policy, however, the District is currently evaluating other self-insurance policy options.

CLA reviewed the Treasurer's report for clerical accuracy and recalculated the total Unrestricted Reserves balance to ensure the totals balanced with the May 2019 Treasurer's Report. The Treasurer's Report indicates that West Valley Water District's total cash, investment and reserve balances as of May 31, 2019 total \$59,940,807.13. In its assessment of the District's accounts, CLA can confirm the balances indicated on the Treasurer's Report are accurate.

West Valley Water District  
 Bond Analysis  
 May 31, 2019

Federal Agency Obligations						
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 5/31/19	Rated A or Equivalent?	Purchase Date	Maturity	Investment Maturity (Years)
F H L M C M T N - 3137EAEB1	249,500.00	Aaa	Yes	4/10/2018	7/19/2019	1.3
F H L M C - 3137EAEH8	249,462.50	Aaa	Yes	4/10/2018	8/15/2019	1.3
Federal Home Loan Bks - 3130ACM92	249,125.00	Aaa	Yes	4/16/2018	10/21/2019	1.5
Federal Farm Credit Bks - 3133EJLU1	250,330.00	Aaa	Yes	4/20/2018	1/24/2020	1.7
Federal Home Loan Bks - 313378J77	249,190.00	Aaa	Yes	4/9/2018	3/13/2020	1.9
Federal Home Loan Bks - 313383HU8	248,812.50	Aaa	Yes	4/13/2018	6/12/2020	2.1
Federal Home Loan Bks - 3130AD4X7	249,800.00	Aaa	Yes	4/11/2018	1/31/2021	2.8
Federal Home Loan Bks - 3133EJCE7	251,242.50	Aaa	Yes	4/26/2018	2/12/2021	2.8
Federal Home Loan Bks - 3130A0XD7	150,927.00	Aaa	Yes	4/17/2018	3/12/2021	2.9
Federal Home Loan Bks - 3133EJJD2	252,230.00	Aaa	Yes	4/9/2018	4/5/2021	2.9
F N M A - 3135G0Q89	246,565.00	Aaa	Yes	4/18/2018	10/7/2021	3.4
Federal Home Loan Bks - 313376C94	253,945.00	Aaa	Yes	4/11/2018	12/10/2021	3.6
F N M A - 3135G0S38	250,255.00	Aaa	Yes	4/11/2018	1/5/2022	3.7
Federal Home Loan Bks - 313378WG2	253,572.50	Aaa	Yes	4/9/2018	3/11/2022	3.9
F N M A - 3135G0T45	249,440.00	Aaa	Yes	4/26/2018	4/5/2022	3.9
Federal Home Loan Bks - 3130ADRG9	255,792.25	Aaa	Yes	5/9/2018	3/10/2023	4.8
F H L M C - 3137EAEN5	257,297.50	Aaa	Yes	8/7/2018	6/19/2023	4.8
F N M A - 3135G0U43	243,382.45	Aaa	Yes	9/12/2018	9/12/2023	4.9
F N M A - 3135G0T94	253,362.50	Aaa	Yes	10/4/2018	1/19/2023	4.2
Federal Home Loan Bks - 313383YJ4	263,886.25	Aaa	Yes	11/29/2018	9/8/2023	4.7
Federal Home Loan Bks - 3130A0F70	254,397.60	Aaa	Yes	12/13/2018	12/8/2023	4.9
Federal Home Loan Bks - 3130A0XE5	263,952.50	Aaa	Yes	3/1/2019	3/8/2024	5.0
Federal Home Loan Bks - 3130AB3H7	192,840.10	Aaa	Yes	3/1/2019	3/8/2024	5.0
<b>Total Federal Agency Obligations</b>	<b>5,639,308.15</b>					

Money Market						
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 5/31/19	Rated A or Equivalent?	Purchase Date	Maturity	Investment Maturity (Years)
First American Government Oblig Fd - 31846V203	158,818.07	Aaa	Yes	Various	N/A	0.0
<b>Total Money Market</b>	<b>158,818.07</b>					

Supranational						
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 5/31/19	Rated A or Equivalent?	Inception Date	Maturity	Investment Maturity (Years)
International Bank M T N - 459058DY6	247,352.50	Aaa	Yes	5/11/2018	2/10/2022	3.7
Inter American Devel Bk - 4581XOCZ9	248,132.50	NR (AAA- Fitch)	Yes	5/10/2018	9/14/2022	4.3
<b>Total Supranational</b>	<b>495,485.00</b>					

U.S. Corporate						
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 5/31/19	Rated A or Equivalent?	Inception Date	Maturity	Investment Maturity (Years)
Jp Morgan Chase Co - 46625HKA7	149,700.00	A2	Yes	4/17/2018	1/23/2020	1.7
HSBC USA Inc - 40428HPV8	175,539.00	A2	Yes	5/2/2018	8/7/2020	2.2
Ace Ina Holdings - 00440EAT4	149,899.50	A3	Yes	4/12/2018	11/3/2020	2.5
Bank of NY Mellon Corp - 06406FAA1	191,137.52	A1	Yes	4/9/2018	4/15/2021	3.0
General Dynamics Corp - 369550BE7	86,053.15	A2	Yes	5/8/2018	5/11/2021	3.0
State Street Corp - 857477AV5	148,842.00	A1	Yes	4/9/2018	5/19/2021	3.1
Paccar Financial Corp - 69371RN44	147,804.60	A1	Yes	4/10/2018	8/11/2021	3.3
American Honda Finance - 02665WBG5	148,966.03	A2	Yes	4/9/2018	9/9/2021	3.4
John Deere Capital Corp - 24422ETL3	150,782.85	A2	Yes	4/9/2018	1/6/2022	3.7
Praxair Inc - 74005PBA1	150,607.80	A2	Yes	4/13/2018	2/15/2022	3.8
US Bancorp - 91159HHC7	152,029.05	A1	Yes	4/12/2018	3/15/2022	3.9
Pnc Bank NA - 69353RFE3	250,506.25	A2	Yes	5/9/2018	7/28/2022	4.2
Oracle Corp - 68389XAP0	124,892.38	A1	Yes	6/27/2018	10/15/2022	4.2
Charles Schwab Corp - 808513AT2	150,443.55	A2	Yes	6/8/2018	1/25/2023	4.6
IBM Credit Corp - 44932HAH6	151,207.50	A1	Yes	5/9/2018	2/6/2023	4.7
Berkshire Hathaway Inc. - 084670BR8	151,384.35	Aa2	Yes	5/9/2018	3/15/2023	4.8
Walmart Inc - 931142EK5	155,827.95	Aa2	Yes	6/26/2018	6/26/2023	4.9
Apple Inc. - 037833AK6	149,694.45	A3	Yes	5/3/2019	5/3/2023	3.9
Boeing Co - 097023BQ7	145,295.22	A1	Yes	2/1/2019	6/15/2023	4.3
Visa Inc Callable Note Cont 92826CAC6	152,276.55	A1	Yes	12/13/2018	10/14/2022	3.8
Bank of America - 06051GHF9	127,743.00	A1	Yes	2/1/2019	6/15/2023	4.3
<b>Total U.S. Corporate</b>	<b>3,210,632.70</b>					

U.S. Government						
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 5/31/19	Rated A or Equivalent?	Inception Date	Maturity	Investment Maturity (Years)
U.S. Treasury Note - 9128283N8	249,327.50	Aaa	Yes	4/16/2018	12/31/2019	1.7
U.S. Treasury Note - 912828K58	247,960.00	Aaa	Yes	4/11/2018	4/30/2020	2.0
U.S. Treasury Note - 912828XE5	248,202.50	Aaa	Yes	4/13/2018	5/31/2020	2.1
U.S. Treasury Note - 912828XM7	248,390.00	Aaa	Yes	4/13/2018	7/31/2020	2.3
U.S. Treasury Note - 912828VZ0	249,620.00	Aaa	Yes	4/11/2018	9/30/2020	2.4
U.S. Treasury Note - 912828N89	247,352.50	Aaa	Yes	4/10/2018	1/31/2021	2.8
U.S. Treasury Note - 912828V80	253,380.00	Aaa	Yes	4/12/2018	3/15/2021	2.9
U.S. Treasury Note - 912828S76	245,692.50	Aaa	Yes	5/9/2018	7/31/2021	3.2
U.S. Treasury Note - 912828G53	249,687.50	Aaa	Yes	5/9/2018	11/30/2021	3.5
U.S. Treasury Note - 912828XW5	248,935.00	Aaa	Yes	5/9/2018	6/30/2022	4.1
U.S. Treasury Note - 912828XL24	249,727.50	Aaa	No	5/9/2018	8/31/2022	4.3
U.S. Treasury Note - 912828M80	250,702.50	Aaa	Yes	5/9/2018	11/30/2022	4.5
<b>Total U.S. Government</b>	<b>2,988,977.50</b>					

May 2019 Bond Total per Treasurer's Report	12,493,221.42
Total Per May 2019 Chandler Statement	12,493,221.42
Variance	-

West Valley Water District  
Investment Policy Analysis  
May 31, 2019

U.S. Bank - Chandler Asset Management		
Money Market	158,818.07	A
Commercial Paper	-	A
Federal Agency Obligations	5,639,308.15	A
U.S. Government	2,988,977.50	A
Corporate Bonds	3,210,632.70	A
Supranational	495,485.00	A
Negotiable CD	-	A
<b>Total U.S. Bank - Chandler Asset Management Funds</b>	<b>12,493,221.42</b>	

Checking and Savings		
Bank of Hope	-	B
Chase-1653 (Operating Account)	5,194,258.67	B
Chase-1368	303,131.60	B
Chase-1392	48,745.20	B
Chase-5993 (Rebate Account)	-	B
<b>Total Checking and Savings</b>	<b>5,546,135.47</b>	

CalTRUST Short Term Fund	15,288,668.87	A
CalTRUST Medium Term Fund	10,421,325.19	A
LAIF	16,186,642.26	A
District Cash Drawers	4,300.00	C
2016A Bond - Principal & Payment Funds	284.64	B
2016A Bond - Interest Fund	229.28	B
<b>Total May 31, 2019 District Funds</b>	<b>59,940,807.13</b>	

The balances indicated above are as of May 31, 2019

Balances verified with monthly investment statements provided by client **A**  
 Balances verified with monthly bank statements provided by client **B**  
 Balances verified with monthly reconciliations provided by client **C**

The purpose of this report is to calculate the asset class percentage in comparison with the maximum portfolio percentage allowed by the district's investment policy

Based on our review of the asset classes as of 05/31/2019, West Valley Water District is in compliance with its investment policy

Security Type	Maximum per Investment Policy	Balance
Commercial Paper	25%	-
Federal Agency Obligations	30%	5,639,308.15
U.S. Government	No Limit	2,988,977.50
LAIF	No Limit	16,186,642.26
CalTRUST	No Limit	25,709,994.06
Negotiable CD	30%	-
Medium Term Notes (Corporate Bonds)	30%	3,210,632.70
Money Market	20%	158,818.07
Bank Deposits	No Limit	5,550,435.47
Supranational	30%	495,485.00
		59,940,293.21
Funds Excluded from Policy	2016A	513.92
<b>Total June 30, 2019 District Funds</b>		<b>59,940,807.13</b>

Asset Class	May 2019 (% of Total Investments)	Maximum Portfolio (%)
Commercial Paper	0.0%	25%
Federal Agency Obligations	9.4%	30%
U.S. Government	5.0%	No Limit
LAIF	27.0%	No Limit
CalTRUST	42.9%	No Limit
Negotiable CD	0.0%	30%
Medium Term Notes (Corporate Bonds)	5.4%	30%
Money Market	0.26%	20%
Bank Deposits	9.3%	No Limit
Supranational	0.8%	30%



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** TREASURER REPORT JUNE 2019

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West Valley June 2019 Treasurer Report  
West Valley Water District Memo for June 2019 Investments  
West Valley Water District Memo for June 2019 Reserve Accounts  
June 2019 Investment Policy Analysis  
June 2019 Bond Analysis

Respectfully Submitted,

A handwritten signature in blue ink that reads "Clarence C. Mansell Jr." with a stylized flourish at the end.

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Clarence Mansell Jr, General Manager

MVC:ce

**ATTACHMENT(S):**

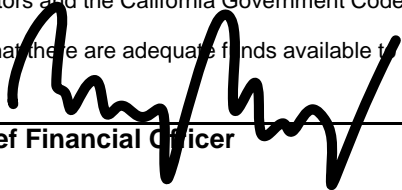
1. June 2019 WVWD Board Report

West Valley Water District  
Cash, Investment & Reserve Balances - June 30, 2019

Institution/Investment Type	May 2019 Balance	June 2019 Balance	RESERVE ACCOUNT	Minimum Balance
<b>Funds Under Control of the District:</b>			<b>RESTRICTED FUNDS</b>	
District Cash Drawers	\$ 4,300.00	\$ 4,300.00	2016A Bond	\$ 514.80
	<b>\$ 4,300.00</b>	<b>\$ 4,300.00</b>	Customer Deposit Accounts	\$ 3,439,874.49
Checking and Savings:			Capacity Charge Acct Balance	\$ 10,986,880.13
Chase - General Government Checking	\$ 5,194,258.67	\$ 7,214,679.53	CIP account in LAIF for capital purposes	\$ 3,000,000.00
Chase - Special Rebate Checking	\$ -	\$ -	Rebate 2015 (Cleared \$2,508,177.98)	\$ 30,292.98
Chase - UTC Routine Checking	\$ 303,131.60	\$ 303,082.15	Rebate 2018 (Cleared \$2,191,123.74)	\$ 65,285.70
Chase - UTC Non-Routine Checking	\$ 48,745.20	\$ 48,690.90		<b>\$ 17,522,848.10</b>
	<b>\$ 5,546,135.47</b>	<b>\$ 7,566,452.58</b>	<b>CAPITAL RESERVE FUNDS</b>	
State of California, Local Agency Investment Fund	\$ 16,186,642.26	\$ 16,186,642.26	Capital Project Account - 100% FY 18-19	\$ 11,149,758.00
US Bank - Chandler Asset Mgmt	\$ 12,493,221.42	\$ 12,575,896.17	Capital Project Account-80% FY 19-20	\$ 9,256,800.00
CalTrust Pooled Investment Fund - Short Term	\$ 15,288,668.87	\$ 15,337,183.58	Administrative & General Account	\$ 1,339,756.10
CalTrust Pooled Investment Fund - Medium Term	\$ 10,421,325.19	\$ 10,481,310.50		<b>\$ 21,746,314.10</b>
U. S. Treasury Bills			<b>LIQUIDITY FUNDS</b>	
Government Agencies (Federal Home Loan Bank)	\$ -	\$ -	Rate Stabilization Account	\$ 875,110.46
			Operating Reserve Account	\$ 4,465,853.67
			Emergency Account	\$ 1,235,348.80
			Water Banking Account	\$ 125,000.00
				<b>\$ 6,701,312.93</b>
<b>Total</b>	<b>\$ 59,940,293.21</b>	<b>\$ 62,151,785.09</b>	<b>OTHER RESERVES</b>	
Funds Under Control of Fiscal Agents:			Self-Insurance Reserve	\$ 5,000,000.00
<b>US BANK</b>				<b>\$ 5,000,000.00</b>
2016A Bond - Principal & Payment Funds	\$ 284.64	\$ 285.13	<b>OPERATING CASH</b>	
2016A Bond - Interest Fund	\$ 229.28	\$ 229.67	Balance Available for Daily Operations	\$ 11,181,824.76
<b>Total</b>	<b>\$ 513.92</b>	<b>\$ 514.80</b>		<b>\$ 11,181,824.76</b>
<b>Grand Total</b>	<b>\$ 59,940,807.13</b>	<b>\$ 62,152,299.89</b>	<b>Grand Total</b>	<b>\$ 62,152,299.89</b>
			<b>UNRESTRICTED RESERVES \$ 44,629,451.79</b>	

I hereby certify that the investment activity for this reporting period conforms with the investment policy adopted by the West Valley Water District Board of Directors and the California Government Code Section 53601

I also certify that there are adequate funds available to meet the District's Budget.



Interim Chief Financial Officer



## West Valley Water District Investment Memo – June 2019

**Note:**

All significant assumptions, methodologies and analyzed amounts were discussed with and agreed to by the District's accounting staff. From this conversation, we believe the District's accounting staff has the requisite knowledge and understanding of the processes/analyses prepared by CLA as not to impairment our independence.

**Total Fund Balance**

When comparing the District's total fund balances month-over-month between May (\$59,940,807.13) and June (\$62,152,299.89), CLA found the \$2,555,671.68 increased fund balance was largely due to over \$2,600,000 in deposits for development projects (see Exhibit A) into the District's governmental checking account less normal monthly expenditures from the account.

**Exhibit A**

<b>Developer</b>	<b>Project #</b>	<b>Amount</b>
Lennar Homes	D19007	1,316,841.42
K. Hovnanian Homes	D19005	840,365.58
FFF Rialto LLC	D19001	260,676.98
CDRE Holdings 10 LLC	D18019	174,514.21
Lennar Homes	D19008	39,437.72
Prisa LHC LLC	D15006	1,316.00
F. L. Modesto Group	D19013	908.00
	<b>Total</b>	<b>\$2,634,059.91</b>

**U.S. Bank Chandler Custodial Account**

**Cash/Money Market** - Per Section 9.11 of the District's investment policy, "The company shall have met either one of the following criteria: 1) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs "Nationally Recognized Statistical Rating Organization" or 2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds with assets under management in excess of five hundred million dollars." Based on Chandler Asset Management's reconciliation summary for the period ending June 30, 2019, CLA was able to verify that all of the District's cash and money-market securities were in accordance with the investment policy. CLA also conducted an independent investigation of the District's cash and money-market securities and found that all of the District's holdings were in alignment with the requirements set forth in the investment policy.

In addition to ensuring that the District's money market funds attained the highest ranking provided by more than one NRSRO, the District also met the requirements outlined in Section 9.11 of the investment policy through its established relationship with Chandler Asset Management. With total assets under management of over \$13.5 billion and a portfolio manager with over five years of experience in managing money market mutual funds, Chandler Asset Management exceeds the aforementioned requirements of the District's policy.

## West Valley Water District Investment Memo – June 2019

Per the investment policy, the maximum percentage of District investments in money market funds is capped at 20%. Similarly, the allowable mutual fund and money market account instruments per California government code (Sections 53601(l) and 53601.6(b)) for local government entities are also capped at 20%. The District's money market balance percentage as of June 30, 2019 is 0.11%. Therefore, the District is in compliance with both the investment policy and California governmental code.

**United States Treasury Issues** – Per Section 9.1 of the investment policy, “there’s no limitation as to the percentage of the portfolio that may be invested in this category, however, maximum investment maturities are limited to up to five years.” Based on CLA’s analysis, the purchase dates for all United States treasury issues fall within the five-year framework established in the investment policy.

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of United States Treasury Issues. As of June 30, 2019, the accrued interest (\$9,518.88) as a percentage of the fair market value is 0.35% which is deemed immaterial for United States Treasury Issues.

The District’s investment policy is also in uniformity with the State of California’s Local Agency Investment Guidelines (Government Code Section 53601(b)). These guidelines do not establish a maximum specified percentage of the District’s investment portfolio for United States Treasury Obligations. The State of California’s guidelines do, however, establish that maximum investment maturities for United States Treasury Obligations are limited to five years. As of June 30, 2019, 4.4% of the District’s total portfolio is invested in United States treasury issues. With no maximum percentage established for United States Treasury issues, the District is in conformity with the investment policy and the State of California’s Local Agency Investment Guidelines.

**Medium-Term Notes** – Section 9.10 of the District’s investment policy states “purchases are limited to securities that have a long-term debt rating of at least the “A” category, or its equivalent, by a NRSRO.” The investment policy also states that medium-term notes should have a “maximum remaining maturity of five years or less”. All instruments categorized as medium-term notes in the District’s portfolio are in compliance with Section 9.10 of the investment policy, as each security has a satisfactory long-term debt rating and the investment matures within the five-year time frame as dictated in the policy. Based on CLA’s analysis, the purchase dates for all medium-term notes fall within the five-year framework established in the investment policy.

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of Medium-Term Notes. As of June 30, 2019, the accrued interest (\$22,488.75) as a percentage of the fair market value is 0.70% which is deemed immaterial for Medium-Term Notes.

Per Section 9.10 of the investment policy, the maximum percentage of investments in medium short-term notes is 30% of the portfolio.

The District’s investment policy is also in accordance with the State of California’s Local Agency Investment Guidelines (Government Code Section 53601(k)) regarding medium-term notes. These guidelines establish a maximum specified percentage of the District’s investment portfolio for medium-term notes at 30%. The State of California’s guidelines also establish that maximum investment maturities for medium-term notes are limited to five years.

## West Valley Water District Investment Memo – June 2019

Medium-term notes constitute roughly 5.2% of the District's total investment balance as of June 30, 2019. Therefore, the District is in compliance with both the investment policy and the State of California's standards.

**Federal Agency Obligations** – Per Section 9.5 of the District's investment policy, "there is no limitation as to the percentage of the portfolio that may be invested in this category, however, purchases of callable Federal Agency obligations are limited to a maximum of 30 percent of portfolio." Although the policy does not explicitly list the bond rating requirements for federal agency obligations, all of the District's current federal agency holdings are rated AAA by multiple NRSRO's as of June 30, 2019.

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of Federal Agency Obligations. As of June 30, 2019, the accrued interest (\$32,968.34) as a percentage of the fair market value is 0.55% which is deemed immaterial for Federal Agency Obligations.

Although the District's investment policy caps federal agency obligations at 30 percent of the investment portfolio, the State of California's Local Agency Investment Guidelines have not established a maximum specified percentage for investments in federal agency obligations (Government Code Section 53601(f)). However, these guidelines are in accordance with the District's investment policy in that maximum investment maturities for federal agency obligations are limited to five years.

The maximum percentage of the District's investments in federal agency obligations is 30% of the portfolio. Federal agency obligations represent 9.7% of the District's total investment balance as of June 30, 2019. Therefore, the District is in accordance with both its investment policy as well as the guidelines set-forth by the State of California.

#### **Local Agency Investment Fund (LAIF)**

The State of California, Local Agency Investment Fund (LAIF) processes a same-day transaction if notified by 10:00 am. This ability satisfies the investment requirement of 24-hour liquidity as stipulated in the investment policy for the District.

Per Section 9.2 of the District's investment policy, the maximum percentage of investments in the State of California, Local Agency Investment Fund is unlimited.

The District's investment policy is also in accordance with the State of California's Local Agency Investment Guidelines (Government Code Section 16429.1) concerning the Local Agency Investment Fund. These guidelines establish no maximum specified percentage of the District's investment portfolio while also establishing no maximum maturity date for LAIF investments.

As of the period ending June 30, 2019, the District's Local Agency Investment Fund balance represents 26% of the District's entire portfolio. Therefore, the District is in compliance with the investment policy as well as the standards of the Local Agency Investment Guidelines.

Based on the LAIF performance report for the quarter ending June 30, 2019, (attached as an addendum to the investment memo), LAIF investments had a net-yield of 2.428% for the month-ending June 30, 2019. In terms of portfolio composition, LAIF fund investments were split into the following categories (percentages may not total 100% due to rounding):

## West Valley Water District Investment Memo – June 2019

- Treasuries- 49.13%
- Agencies- 21.59%
- Certificates of Deposit/Bank Notes- 17.56%
- Commercial Paper- 6.37%
- Time Deposits- 4.59%
- Loans- 0.74%

On March 20, 2019, the District received a \$3 million dollar settlement as part of a larger association of local water districts and municipalities, from the San Gabriel Valley Water Company, Fontana Union Water Company and the San Gabriel California Corporation. Per the settlement agreement, “West Valley and the non-settling plaintiffs separately asserted six claims alleging breach of contract and other claims arising from the 1961 Decree.” The 1961 Decree governs groundwater pumping from a portion of the Rialto-Colton Basin. The claims also concern the defendants (Fontana Parties) pumping from a portion of the Rialto-Colton Basin that is outside the Rialto Basin as defined by the 1961 Decree. The San Bernardino Basin Area and most but not all of the Rialto-Colton Basin are located within the service area of the Valley District and this violation served as the basis of the settlement.

The settlement check was received and deposited into the District’s General Government Checking bank account and the District’s board approved the transfer of the \$3 million dollars in settlement funds to the District’s LAIF account on April 4, 2019. While these funds have been earmarked for Capital Improvement Projects, the District has yet to allocate these funds to any specific project and the District will house all settlement funding in the LAIF account until board approval is received for the allocation of these funds.

### **The Investment Trust of California (CalTRUST)**

The District maintains investments in the CalTRUST Short-Term and CalTRUST Medium-Term Funds. For the period ending June 30, 2019 the Net Asset Value per share was \$10.04 (\$15,337,183.58 book value) for CalTRUST Short-Term Fund investments and \$10.08 (\$10,481,310.50 book value) for CalTRUST Medium-Term Fund investments. Per the S&P Global Rating Pool Profile, the credit rating for the Short-Term Fund is AAf, identifying the credit quality of the fund’s portfolio performance as very strong. Per the S&P Global Rating Pool Profile, the credit rating for the Medium-Term Fund is A+f, identifying the credit quality of the fund’s portfolio performance as strong.

Per Section 9.3 of the District’s investment policy, “no limit will be placed on the percentage total in this category.” The State of California also fails to establish a maximum percentage total for investment trusts per Government Code Section 16340. As of the period ending June 30, 2019, the District’s CalTRUST investment balance represents roughly 41.5% of the District’s entire portfolio. Therefore, the District is in compliance with the investment policy and the standards set-forth by the State of California as it relates to CalTRUST securities.

### **Bank Deposits**

Based on the District’s investment policy, “Securities placed in a collateral pool must provide coverage for at least 100 percent of all deposits that are placed in that institution.” As of June 30, 2019, the District maintained balances within the FDIC limit of \$250,000 for each of its bank accounts, with the

## West Valley Water District Investment Memo – June 2019

exception of the Chase General Governmental Checking and UTC Routine Checking accounts. The Chase General Governmental Checking account maintains funds for operational purposes and normally carries a balance of at least \$1.5 million dollars which represents funding for one payroll and one accounts payable check run. In CLA's comparison between the District's general checking account balances for May 2019 (\$5,194,258.67) and June 2019 (\$7,214,679.53), CLA found the increase in the June 2019 checking account balance was largely due to the receipt of over \$2,000,000 in deposits for development projects. The UTC Routine Checking account does not normally exceed the FDIC limit on a monthly basis, however, the quarterly deposit from United Technologies Corporation for \$286,128.75 was recorded in this account near the end of May 2019. UTC deposits recorded to this account are normally transferred to the governmental checking account within five business days of the deposit with board approval. However, the District's board did not approve this transfer until the July 2019 board meeting, therefore, this balance should fall below the FDIC limitations in August 2019 once the District's accounting team records the transfer to the governmental checking account.

In analyzing the accounting for the District's cash drawers (\$3,600) and petty cash (\$700), per the District's accounting staff, the District's cash drawers are reconciled on a daily basis. Each drawer is counted by the customer service representative responsible for the drawer and a secondary count is performed by the customer service lead or supervisor prior to the funds being relinquished to the District's armored security provider, Gaurda, for deposit on a daily basis. Cash deposits are reconciled daily by the District's accounting department. Petty cash is also reconciled by the accounting department on a monthly basis. The District has provided a formalized cash drawer reconciliation for June where they confirm the total amount of cash drawers issued to employees with no variance and the supervisor signs-off on the last working day of the month.

Section 9.12 of the investment policy asserts that "there is no limit on the percentage of the portfolio that may be invested in bank deposits." Similarly, the State of California's Government Code for Allowable Investment Instruments fails to dictate any portfolio standards for general bank deposit accounts. Although no maximum has been established for amounts invested in bank deposits by the investment policy or the State of California, CLA can verify that as of June 30, 2019 the District had 12.2% of its portfolio invested in bank deposit accounts.

### **Supranationals**

Supranationals are explicitly defined in Section 9.14 of the investment policy as "US dollar-denominated senior unsecured unsubordinated obligations or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank". Securities listed as supranationals must be rated in the AA category or higher by a NRSRO and no more than 30% of the District's portfolio may be invested in these securities with a maximum maturity of five years.

The District's investment policy is also in accordance with the State of California's Local Agency Investment Guidelines (Government Code Section 53601(q)) regarding supranationals. These guidelines establish a maximum specified percentage of the District's investment portfolio for supranationals at 30%. The State of California's guidelines also establish that maximum investment maturities for suprnationals should be five years or less.

## West Valley Water District Investment Memo – June 2019

Historically, the District has been conservative in not recognizing the accrued interest portion of the fair market value of supranationals. As of June 30, 2019, the accrued interest (\$2,891.50) as a percentage of the fair market value is 0.58% which is deemed immaterial for supranationals.

As of June 30, 2019, the District's investments in two securities categorized as supranationals was roughly 0.8% of the total portfolio and both securities maintained a maturity date of less than five years from the original purchase date. CLA can confirm that the District's supranational investments meet the standards of both the investment policy and the State of California.

## West Valley Water District Reserve Memo – June 2019

**Note:**

All significant assumptions, methodologies and analyzed amounts were discussed with and agreed to by the District's accounting staff. From this conversation, we believe the District's accounting staff has the requisite knowledge and understanding of the processes/analyses prepared by CLA as not to impairment our independence.

**Restricted Funds**

**Bond Proceeds Fund(s)** – Balances in the bond proceeds fund accounts represent monies derived from the proceeds of a bond issue. Per the requirements of the District's reserve policy, the target level for the debt service reserve requirement is established at the time of the bond issue. Based on documentation provided to CLA, "no reserve fund has been established in connection with the issuance of the 2016A bonds." Therefore, the June 30, 2019 ending balance of \$514.80 satisfies the minimum balance requirements per the District's reserve policy.

**Customer Deposit Accounts** – Due to fluctuations in the number of utility customer deposits required and the number of development projects in process, no minimum or maximum levels have been established for customer deposit accounts. The customer deposit account balances presented on the treasurer's report are based on the ending balance on the general ledger for the month. The customer deposit accounts are reconciled periodically, however, they have not been traditionally reconciled monthly. CLA was able to confirm that the customer deposit accounts balance presented on the June 2019 Treasurer's Report reconcile with the general ledger. The June 30, 2019 balance of \$3,439,874.49 in customer deposit accounts satisfies the balance requirements of the District's reserve policy.

**Capacity Charge Account** – The District's reserve policy does not explicitly address or specify any minimum or maximum funding levels for capacity charge accounts. However, based on the reconciliation schedule provided by the District, CLA can confirm that the balance of \$10,986,880.13 presented on the June 2019 Treasurer's Report for the Capacity Charge Account reconciles with the documentation provided to CLA with no variance.

**CIP Account in LAIF for Capital Purposes** – On March 20, 2019, the District received a \$3 million dollar settlement as part of a larger association of local water districts and municipalities, from the San Gabriel Valley Water Company, Fontana Union Water Company and the San Gabriel California Corporation. The check was received and deposited into the District's General Government Checking bank account and the District's board approved the transfer of the \$3 million dollars in settlement funds to the District's LAIF account on April 4, 2019. While these settlement funds have been restricted for Capital Improvement Projects, currently there are no designations or allocations for District funding towards any Capital Improvement Projects.

**Rebate Accounts** – Per the District's accounting staff, West Valley Water District currently maintains two rebate balances, the Rebate 2015 and Rebate 2018 accounts. These rebates represent one-time payments due to customers for consumption charges. As of September 30<sup>th</sup>, the Special Rebate account was used to house all funds for rebates due to customers. However, the September 2018 Special Rebate Checking account's balance of \$162,055.57 was transferred to the general government checking account which would then be used to pay for all outstanding rebate checks at the end of September 2018.

## West Valley Water District Reserve Memo – June 2019

Although the June 2019 Special Rebate Checking balance is \$0, all outstanding rebates for 2015 and 2018 will be paid from the District's general government checking account. The balances highlighted on the June 2019 Treasurer's Report indicate outstanding payments due to customers for each rebate. West Valley's by-laws state that the District must maintain and properly account for any rebates due to customers for at least three years after the rebate's original date of issuance. After three years the District is then able to absorb those funds for general operating purposes. The District's reserve policy does not explicitly address or specify any minimum or maximum funding levels for rebate accounts.

Based on the reconciliation schedule provided by the District, CLA can confirm that the balances presented on the June 2019 Treasurer's Report for the Rebate 2015 (\$30,292.98) and Rebate 2018 (\$65,285.70) accounts reconcile with the documentation provided to CLA with no variance. The District will restrict funding for these rebate accounts until the aforementioned three-year deadline is reached.

### **Capital Reserve Funds**

**Capital Project Account** – The capital project account is used for the funding of new capital assets or the rehabilitation, enhancement, or replacement of capital assets when they reach the end of their useful lives. Per the requirements of the District's reserve policy, "the minimum target level WVWD will strive for is 100% of its then-current year fiscal year from the Capital Improvement Budgets plus 80% of the amount estimated to be needed the following fiscal year." The District currently maintains a balance of \$20,406,558 (\$11,149,758 for fiscal year 2018-19 and \$9,256,800 for fiscal year 2019-20) in its capital project account, meeting the minimum target level required for both fiscal years. CLA was able to confirm that the District is in adherence with the minimum target level requirement as of June 30, 2019 by reviewing the board-approved 2018-19 Capital Improvement Budget which shows a total CIP for fiscal year 2018-19 of \$11,149,758. CLA was also able to confirm that the District meets its minimum target level for 2019-20 by reviewing the West Valley Water District's Water Master Plan, which details the District's capital improvement budgets for each year through fiscal year 2022-23. The District expects to expend \$12,638,000 in capital improvement costs in 2019-20. Per the District's accounting staff, the Well 2A IVDA supply improvement project totaling \$1,067,000 has been canceled for 2019-20 and should be deducted from the 2019-20 capital improvement costs of \$12,638,000, leaving a remaining capital improvement budget of \$11,571,000. The reserve policy only requires the district to maintain 80% of the amount estimated to be needed the following fiscal year (2019-20) which amounts to \$9,256,800, which fulfills the minimum target level requirements.

**Administrative & General Account** – The administrative and general account is utilized to fund certain general, administration and overhead projects. While no specific target level has been earmarked for either component, the District hopes to maintain a minimum balance in the administrative and general account equal to 5% of its annual operating expenses. Per the FY 2018-19 board-approved budget with mid-year amendments, CLA can confirm the District has an operating expenses budget of \$26,795,122. As of June 30, 2019, the administrative and general account contains \$1,399,756.10, which satisfies the 5% minimum requirement of the District's reserve policy.

### **Liquidity Funds**

**Rate Stabilization Fund** – This fund is established to provide flexibility to the Board when settling rates to allow for absorbing fluctuations in water demand and smoothing out rate increases over time, temporarily defraying any unforeseen decreases in the sale of water. To remain in conjunction with the



## West Valley Water District Reserve Memo – June 2019

reserve policy, the District should aim to maintain a minimum level equal to 5% of water sales. Per the FY 2018-19 board-approved budget, the District anticipates water revenues of \$17,502,209 for the current fiscal year. Therefore, CLA can verify that the District's current balance of \$875,110.46 in its rate stabilization account achieves the minimum target level for this account as indicated in the reserve policy.

**Operating Reserve Account** – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses or decreases in revenues and unanticipated increases in expenses. Given the significance of this account, the District strives to maintain a minimum amount equal to 60 days of the District's budgeted total operating expenses in this account. Per the FY 2018-19 board-approved budget with mid-year amendments, CLA can validate that the District has an operating expenses budget of \$26,795,122. As of June 30, 2019, the operating reserve account maintains a balance of \$4,465,854, which satisfies the requirements of the District's reserve policy.

**Emergency Account** – The emergency account may be utilized to purchase water at any time or to begin repair of the water system after a catastrophic event. Therefore, a minimum target level equal to 1% of net capital assets of the District's water system has been established to enable the district to manage emergency situations. Per June 30, 2019 general ledger detail reporting provided by the District's accounting staff, CLA was able to confirm that the District's net assets total \$123,534,880. As of June 30, 2019, the emergency account represents a balance of \$1,235,348.80 or 1% of total net assets, allowing the District to meet its requirements for the reserve policy.

**Water Banking Account** – The District's reserve policy states "The District will strive to maintain a minimum level equal to the cost of 1,000 acre-feet of water and a maximum amount equal to the cost of 10,000 acre-feet of water." Per an invoice from the San Bernardino Valley Municipal Water District, CLA can confirm that the District currently pays \$125 per acre-feet of water. By maintaining a balance of \$125,000 in its Water Banking Account, the District is in adherence with its reserve policy.

**Self-Insurance Reserve** – As indicated in the minutes from the April 5, 2018 board meeting, the District's board of directors approved \$5,000,000 in funds for employee liability claims. Per e-mail correspondence with the District's interim Chief Financial Officer, dated July 3, 2019, there has not been any updates to the self-insurance reserve policy, however, the District is currently evaluating other self-insurance policy options.

CLA reviewed the Treasurer's report for clerical accuracy and recalculated the total Unrestricted Reserves balance to ensure the totals balanced with the June 2019 Treasurer's Report. The Treasurer's Report indicates that West Valley Water District's total cash, investment and reserve balances as of June 30, 2019 total \$62,152,299.89. In its assessment of the District's accounts, CLA can confirm the balances indicated on the Treasurer's Report are accurate.

West Valley Water District  
 Bond Analysis  
 June 30, 2019

Federal Agency Obligations							
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 6/30/19	Rated A or Equivalent?	Purchase Date	Maturity	Investment Maturity (Years)	
F H L M C M T N - 3137EAEB1	249,797.50	Aaa	Yes	4/10/2018	7/19/2019		1.3
F H L M C - 3137EAEH8	249,732.50	Aaa	Yes	4/10/2018	8/15/2019		1.3
Federal Home Loan Bks - 3130ACM92	249,460.00	Aaa	Yes	4/16/2018	10/21/2019		1.5
Federal Farm Credit Bks - 3133EJLU1	250,602.50	Aaa	Yes	4/20/2018	1/24/2020		1.7
Federal Home Loan Bks - 313378J77	249,612.50	Aaa	Yes	4/9/2018	3/13/2020		1.9
Federal Home Loan Bks - 313383HU8	249,370.00	Aaa	Yes	4/13/2018	6/12/2020		2.1
Federal Home Loan Bks - 3130AD4X7	250,295.00	Aaa	Yes	4/11/2018	1/31/2021		2.8
Federal Home Loan Bks - 3133EJCE7	251,617.50	Aaa	Yes	4/26/2018	2/12/2021		2.8
Federal Home Loan Bks - 3133EJJD2	252,847.50	Aaa	Yes	4/9/2018	4/5/2021		2.9
F N M A - 3135G0Q89	247,512.50	Aaa	Yes	4/18/2018	10/7/2021		3.4
Federal Home Loan Bks - 313376C94	254,690.00	Aaa	Yes	4/11/2018	12/10/2021		3.6
F N M A - 3135G0S38	251,312.50	Aaa	Yes	4/11/2018	1/5/2022		3.7
Federal Home Loan Bks - 313378WG2	254,542.50	Aaa	Yes	4/9/2018	3/11/2022		3.9
F N M A - 3135G0T45	250,447.50	Aaa	Yes	4/26/2018	4/5/2022		3.9
Federal Home Loan Bks - 3130ADRG9	257,295.00	Aaa	Yes	5/9/2018	3/10/2023		4.8
F H L M C - 3137EAE5	258,850.00	Aaa	Yes	8/7/2018	6/19/2023		4.8
F N M A - 3135G0U43	244,750.15	Aaa	Yes	9/12/2018	9/12/2023		4.9
F N M A - 3135G0T94	254,915.00	Aaa	Yes	10/4/2018	1/19/2023		4.2
Federal Home Loan Bks - 313383YJ4	265,880.00	Aaa	Yes	11/29/2018	9/8/2023		4.7
Federal Home Loan Bks - 3130A0F70	255,328.80	Aaa	Yes	12/13/2018	12/8/2023		4.9
Federal Home Loan Bks - 3130A0XE5	264,307.50	Aaa	Yes	3/1/2019	3/8/2024		5.0
Federal Home Loan Bks - 3130AB3H7	194,136.30	Aaa	Yes	3/1/2019	3/8/2024		5.0
Federal Farm Credit Bks - 3133EKXN0	253,222.50	Aaa	Yes	6/25/2019	6/3/2024		4.9
Federal Home Loan Bks - 3130A1XJ2	261,782.50	Aaa	Yes	6/12/2019	6/14/2024		4.9
<b>Total Federal Agency Obligations</b>	<b>6,022,307.75</b>						

Money Market							
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 6/30/19	Rated A or Equivalent?	Purchase Date	Maturity	Investment Maturity (Years)	
First American Government Oblig Fd - 31846V203	68,854.76	Aaa	Yes	Various	N/A		0.0
<b>Total Money Market</b>	<b>68,854.76</b>						

Supranational							
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 6/30/19	Rated A or Equivalent?	Inception Date	Maturity	Investment Maturity (Years)	
International Bank M T N - 459058DY6	248,907.50	Aaa	Yes	5/11/2018	2/10/2022		3.7
Inter American Devel Bk - 4581XOCZ9	249,630.00	NR (AAA- Fitch)	Yes	5/10/2018	9/14/2022		4.3
<b>Total Supranational</b>	<b>498,537.50</b>						

U.S. Corporate							
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 6/30/19	Rated A or Equivalent?	Inception Date	Maturity	Investment Maturity (Years)	
Jp Morgan Chase Co - 46625HKA7	149,953.50	A2	Yes	4/17/2018	1/23/2020		1.7
HSBC USA Inc - 40428HPV8	175,882.00	A2	Yes	5/2/2018	8/7/2020		2.2
Ace Ina Holdings - 00440EAT4	150,064.50	A3	Yes	4/12/2018	11/3/2020		2.5
Bank of NY Mellon Corp - 06406FAA1	192,050.50	A1	Yes	4/9/2018	4/15/2021		3.0
General Dynamics Corp - 369550BE7	86,376.15	A2	Yes	5/8/2018	5/11/2021		3.0
State Street Corp - 857477AV5	149,608.50	A1	Yes	4/9/2018	5/19/2021		3.1
Paccar Financial Corp - 69371RN44	148,384.50	A1	Yes	4/10/2018	8/11/2021		3.3
American Honda Finance - 02665WBG5	149,265.01	A2	Yes	4/9/2018	9/9/2021		3.4
John Deere Capital Corp - 24422ETL3	151,611.00	A2	Yes	4/9/2018	1/6/2022		3.7
Praxair Inc - 74005PBA1	151,239.00	A2	Yes	4/13/2018	2/15/2022		3.8
US Bancorp - 91159HHC7	153,385.50	A1	Yes	4/12/2018	3/15/2022		3.9
Pnc Bank NA - 69353RFE3	252,582.50	A2	Yes	5/9/2018	7/28/2022		4.2
Oracle Corp - 68389XAP0	125,882.50	A1	Yes	6/27/2018	10/15/2022		4.2
Charles Schwab Corp - 808513AT2	151,866.00	A2	Yes	6/8/2018	1/25/2023		4.6
IBM Credit Corp - 44932HAH6	153,462.00	A1	Yes	5/9/2018	2/6/2023		4.7
Berkshire Hathaway Inc. - 084670BR8	152,424.00	Aa2	Yes	5/9/2018	3/15/2023		4.8
Walmart Inc - 931142EK5	157,654.50	Aa2	Yes	6/26/2018	6/26/2023		4.9
Apple Inc - 037833AK6	151,485.00	A3	Yes	5/3/2019	5/3/2023		3.9
Boeing Co - 097023BQ7	147,243.00	A1	Yes	2/1/2019	6/15/2023		4.3
Visa Inc Callable Note Cont 92826CAC6	153,594.00	A1	Yes	12/13/2018	10/14/2022		3.8
Bank of America - 06051GHF9	129,585.00	A1	Yes	2/1/2019	6/15/2023		4.3
<b>Total U.S. Corporate</b>	<b>3,233,598.66</b>						

U.S. Government							
Security Description	Market Value	Moody's (NRSRO) Long-Term Rating as of 6/30/19	Rated A or Equivalent?	Inception Date	Maturity	Investment Maturity (Years)	
U.S. Treasury Note - 9128283N8	249,795.00	Aaa	Yes	4/16/2018	12/31/2019		1.7
U.S. Treasury Note - 912828K58	248,682.50	Aaa	Yes	4/11/2018	4/30/2020		2.0
U.S. Treasury Note - 912828XE5	248,847.50	Aaa	Yes	4/13/2018	5/31/2020		2.1
U.S. Treasury Note - 912828VZ0	250,352.50	Aaa	Yes	4/11/2018	9/30/2020		2.4
U.S. Treasury Note - 912828N89	248,242.50	Aaa	Yes	4/10/2018	1/31/2021		2.8
U.S. Treasury Note - 912828V80	255,420.00	Aaa	Yes	4/12/2018	3/15/2021		2.9
U.S. Treasury Note - 912828S76	246,777.50	Aaa	Yes	5/9/2018	7/31/2021		3.2
U.S. Treasury Note - 912828G53	250,790.00	Aaa	Yes	5/9/2018	11/30/2021		3.5
U.S. Treasury Note - 912828XW5	250,312.50	Aaa	Yes	5/9/2018	6/30/2022		4.1
U.S. Treasury Note - 912828XL24	251,122.50	Aaa	No	5/9/2018	8/31/2022		4.3
U.S. Treasury Note - 912828M80	252,255.00	Aaa	Yes	5/9/2018	11/30/2022		4.5
<b>Total U.S. Government</b>	<b>2,752,597.50</b>						

June 2019 Bond Total per Treasurer's Report      12,575,896.17  
 Total Per June 2019 Chandler Statement      12,575,896.17  
 Variance      -

West Valley Water District  
Investment Policy Analysis  
June 30, 2019

U.S. Bank - Chandler Asset Management		
Money Market	68,854.76	A
Commercial Paper	-	A
Federal Agency Obligations	6,022,307.75	A
U.S. Government	2,752,597.50	A
Corporate Bonds	3,233,598.66	A
Supranational	498,537.50	A
Negotiable CD	-	A
<b>Total U.S. Bank - Chandler Asset Management Funds</b>	<b>12,575,896.17</b>	

Checking and Savings		
Bank of Hope	-	B
Chase-1653 (Operating Account)	7,214,679.53	B
Chase-1368	303,082.15	B
Chase-1392	48,690.90	B
Chase-5993 (Rebate Account)	-	B
<b>Total Checking and Savings</b>	<b>7,566,452.58</b>	

CalTRUST Short Term Fund	15,337,183.58	A
CalTRUST Medium Term Fund	10,481,310.50	A
LAIF	16,186,642.26	A
District Cash Drawers	4,300.00	C
2016A Bond - Principal & Payment Funds	285.13	B
2016A Bond - Interest Fund	229.67	B
<b>Total June 30, 2019 District Funds</b>	<b>62,152,299.89</b>	

The balances indicated above are as of June 30, 2019

Balances verified with monthly investment statements provided by client **A**  
Balances verified with monthly bank statements provided by client **B**  
Balances verified with monthly reconciliations provided by client **C**

The purpose of this report is to calculate the asset class percentage in comparison with the maximum portfolio percentage allowed by the district's investment policy

Based on our review of the asset classes as of 06/30/2019, West Valley Water District is in compliance with its investment policy

Security Type	Maximum per Investment Policy	Balance
Commercial Paper	25%	-
Federal Agency Obligations	30%	6,022,307.75
U.S. Government	No Limit	2,752,597.50
LAIF	No Limit	16,186,642.26
CalTRUST	No Limit	25,818,494.08
Negotiable CD	30%	-
Medium Term Notes (Corporate Bonds)	30%	3,233,598.66
Money Market	20%	68,854.76
Bank Deposits	No Limit	7,570,752.58
Supranational	30%	498,537.50
		62,151,785.09
<b>Funds Excluded from Policy</b>	2016A	514.80
<b>Total June 30, 2019 District Funds</b>		<b>62,152,299.89</b>

Asset Class	June 2019 (% of Total Investments)	Maximum Portfolio (%)
Commercial Paper	0.0%	25%
Federal Agency Obligations	9.7%	30%
U.S. Government	4.4%	No Limit
LAIF	26.0%	No Limit
CalTRUST	41.5%	No Limit
Negotiable CD	0.0%	30%
Medium Term Notes (Corporate Bonds)	5.2%	30%
Money Market	0.11%	20%
Bank Deposits	12.2%	No Limit
Supranational	0.8%	30%



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** APPROVAL FOR BUDGET TRANSFER FOR QUIET ROOM CIP PROJECT

---

**BACKGROUND:**

The room known as the Quiet Room was converted and remodeled from a bathroom into a room for nursing mothers, complete with a sink, refrigerator and small couch or chair. This project came about due to an employee returning from maternity leave. By law, the District is required to have such a room for nursing mothers.

**DISCUSSION:**

Originally, the project was under \$25,000, budgeted in FY18-19, hence, it did not go to the Board for approval. The amount was budgeted in an operations and maintenance account. The vendor, ICON, Inc. started and completed the work in July 2019 at a cost of \$23,370. Additional expenditures on top of the contractor that are needed include the purchase of furniture such as a small couch, chair and table in the amount of \$2,500. Faucet and lighting fixtures were already purchased at Home Depot in the amount of \$1,223.91 in July 2019.

Since the work was completed in July 2019, it is a FY19-20 expenditure. Furthermore, due to the nature of the project, it would be more appropriate to classify this expenditure as a capital project as it adds value to the building and improvements. To transfer the budget from an operations and maintenance account to a CIP account, it needs Board approval. The funds that were originally budgeted in FY18-19 lapsed and were not spent.

**FISCAL IMPACT:**

The total cost of the Quiet Room project is \$28,000 for FY19-20 to be charged to CIP account number W20022.

**STAFF RECOMMENDATION:**

Staff recommends the Board to approve a budget transfer in the amount of \$28,000 from the CIP contingency account to CIP account number W20022.

Respectfully Submitted,

*Clarence C. Mansell Jr.*

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Clarence Mansell Jr, General Manager

MVC:ce



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** AUTHORIZATION FOR SIGNATORY CHANGES FOR ALL JP MORGAN CHASE, US BANK, CALTRUST, LAIF ACCOUNTS.

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**BACKGROUND:**

West Valley Water District (the “District”) has funds deposited with JP Morgan Chase and US Bank (custodial investment account). The District has funds invested with CalTRUST and Chandler Asset Management. Funds must be accessible to meet daily financial commitments of the organization. Checks must be issued and business transacted to meet financial obligations. Certain individuals must be delegated proper authority to act on behalf of the District with regard to these financial assets.

**DISCUSSION:**

Financial Institutions require a signature cards for transacting business. The District has several accounts that require an authorized representative to act on behalf of the District so that operational and investment needs are met. Accounts with deposits and investments utilized by the District requiring signature authorization include:

- JP Morgan Chase – General Government Checking
- JP Morgan Chase – UTC Routine Checking
- JP Morgan Chase – UTC Non-Routine Checking
- CalTRUST Pooled Investment Fund
- Chandler Asset Management and US Bank National Association
- Local Agency Investment Fund (Signature card addressed in a separate staff report with LAIF forms)

The attached resolutions require approval to amend account access.

**FISCAL IMPACT:**

No Fiscal Impact.

**STAFF RECOMMENDATION:**

Please consider approval of resolutions authorizing the signatory changes on the financial institution

accounts.

Respectfully Submitted,



---

Clarence Mansell Jr, General Manager

MVC:ce

**ATTACHMENT(S):**

1. USBankchand2019Julyrev
2. 2019JulyCaltrustres2019 (002)
3. 2019JulyChaseresolutionrevised
4. PA-Authorized Signers Update2
5. PA Authorized Signers Update3
6. CalTrust Contact Info
7. LAIF2019Resolution8-22-19
8. laif2019-24npage1
9. laif2019-24page 2



**RESOLUTION NO. 2019-21  
A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WEST VALLEY WATER DISTRICT,  
AUTHORIZING SIGNATURE CARD CHANGES- US BANK**

**WHEREAS**, the West Valley Water District ("District") Board of Directors hereby finds that the deposit and withdrawal of money in US Bank National Association ("US Bank") in accordance with all California Government Code, including Section 53607 for the purpose of Authorizing signature card changes to the successors in office as provided therein is in the best interests of the District.

**WHEREAS**, the District hereby finds it necessary to hold a segregated account with US Bank for District investments managed by Chandler Asset Management ("Chandler"), an agreement with the District and Chandler Asset Management board approved March 15, 2018.

**WHEREAS**, the District Board of Directors hereby amend Resolution No 2019-16 in order to add an additional successor for the purpose of deposits and withdrawals of money in the US Bank Custodial account for Chandler managed investments in accordance with all California Government Code, including section 53607 for the purpose of investment as provided therein is in the best interests of the District.

**WHEREAS**, US Bank is to act as custodian of funds managed by Chandler.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby authorizes signature card changes to the US Bank account for the purpose of advising US Bank to act on directives on behalf of the District. Deposits and withdrawals of District monies will be made in accordance with Government Code and District Policy, Resolution No. 2018-8, Annual Investment Policy.

**BE IT FURTHER RESOLVED**, as follows: Section 1, The following District officer holding the title of Assistant General Manager Ricardo Pacheco be removed from the Local Agency Investment Fund. President Dr. Michael Taylor, Vice President Kyle Crowther, Director Donald Olinger, Director Dr. Clifford Young, Director Greg Young, General Manager Clarence C. Mansell, Jr., Assistant General Manager Logan Olds, Assistant General Manager Jeremiah Brosowske, Shamindra Manbahal or their successors in office are each hereby authorized to order the deposit, withdrawal, or advisement of monies managed by Chandler held in account with US Bank and may execute and deliver any and all documents necessary or advisable in order to effectuate the purpose of this resolution and the transaction contemplated hereby:

\_\_\_\_\_  
**Dr. Michael Taylor**  
President, Board of Directors

\_\_\_\_\_  
**Kyle Crowther**  
Vice President, Board of Directors

\_\_\_\_\_  
**Donald Olinger**  
Director

\_\_\_\_\_  
**Dr. Clifford Young**  
Director

\_\_\_\_\_  
**Greg Young**  
Director

\_\_\_\_\_  
**Clarence C. Mansell, Jr.**  
General Manager

\_\_\_\_\_  
**Logan Olds**  
Assistant General Manager

\_\_\_\_\_  
**Jeremiah Brosowske**  
Assistant General Manager

\_\_\_\_\_  
**Shamindra Manbahal**  
Chief Financial Officer

**Section 2.** That said Resolution shall be effective August 27<sup>th</sup>, 2019 and shall remain in full force and effect until rescinded by Board of Directors by resolution and a copy of the resolution rescinding and or amending this resolution shall be filed with the State Treasurer's Office.

**ADOPTED, SIGNED, AND APPROVED THIS 27<sup>th</sup> DAY OF August, 2019 BY THE FOLLOWING VOTE:**

<b>AYES:</b>	<b>DIRECTORS:</b>
<b>NOES:</b>	<b>DIRECTORS:</b>
<b>ABSENT:</b>	<b>DIRECTORS:</b>
<b>ABSTAIN:</b>	<b>DIRECTORS:</b>

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**Dr. Michael Taylor**  
**President, Board of Directors**

**ATTEST:**

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Crystal L. Escalera  
Board Secretary

**AMENED RESOLUTION NO. 2019-23  
A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WEST VALLEY WATER DISTRICT,  
AUTHORIZING SIGNATURE CARD CHANGES FOR CALTRUST FUND**

**WHEREAS**, The West Valley Water District ("District") Board of Directors hereby finds that the deposit and withdrawal of money in CalTrust Pooled Investment Fund ("Cal Trust") in accordance with all California Government Code, including Section 53601 and 53605 for the purpose of Authorizing signature card changes to the successors in office as provided therein is in the best interests of the District.

**WHEREAS** CalTrust Pooled Investment Fund ("CalTrust") is established for the deposit of money by the District for purposes of investment of District money by CalTrust; and for the purpose of authorizing signature card changes to the successors in office as provided therein.

**WHEREAS**, the District Board of Directors hereby amend Resolution No 2019-16 in order to add an additional successor for the purpose of deposits, transfers and withdrawals of money in the CalTrust Fund in accordance with all California Government Code, including section 53601 and 53605 for the purpose of investment as provided therein is in the best interests of the District.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby authorizes signature card changes to the CalTrust account for the purpose of advising Cal Trust to act on directives on behalf of the District. Deposits, transfers and withdrawals of District monies will be made in accordance with Government Code and District Policy, Resolution No. 2018-8, Annual Investment Policy.

**BE IT FURTHER RESOLVED**, as follows: Section 1, The following District officer holding the title of Assistant General Manager Ricardo Pacheco be removed from the CalTrust Fund. President Dr. Michael Taylor, Vice President Kyle Crowther, Director Donald Olinger, Director Dr. Clifford Young, Director Greg Young, General Manager Clarence C. Mansell, Jr., Assistant General Manager Logan Olds, Assistant General Manager Jeremiah Brosowske, Chief Financial Officer Shamindra Manbahal are each hereby authorized to order the deposit, transfer or withdrawal of monies in CalTrust Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purpose of this resolution and the purposes of the resolution and the transaction contemplated hereby:

\_\_\_\_\_  
**Dr. Michael Taylor**  
President, Board of Directors

\_\_\_\_\_  
**Kyle Crowther**  
Vice President, Board of Directors

\_\_\_\_\_  
**Donald Olinger**  
Director

\_\_\_\_\_  
**Dr. Clifford Young**  
Director

\_\_\_\_\_  
**Greg Young**  
Director

\_\_\_\_\_  
**Clarence C. Mansell, Jr.**  
General Manager

\_\_\_\_\_  
**Logan Olds**  
Assistant General Manager

\_\_\_\_\_  
**Jeremiah Brosowske**  
Assistant General Manager

\_\_\_\_\_  
**Shamindra Manbahal**  
Chief Financial Officer

**Section 2.** That said Resolution shall be effective August 27<sup>th</sup>, 2019 and shall remain in full force and effect until rescinded by Board of Directors by resolution and a copy of the resolution rescinding and or amending this resolution shall be filed with the State Treasurer's Office.

**ADOPTED, SIGNED, AND APPROVED THIS 27<sup>th</sup> DAY OF AUGUST, 2019 BY THE FOLLOWING VOTE:**

<b>AYES:</b>	<b>DIRECTORS:</b>
<b>NOES:</b>	<b>DIRECTORS:</b>
<b>ABSENT:</b>	<b>DIRECTORS:</b>
<b>ABSTAIN:</b>	<b>DIRECTORS:</b>

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**Dr. Michael Taylor**  
**President, Board of Directors**

**ATTEST:**

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**Crystal L. Escalera**  
**Board Secretary**

**AMENDED RESOLUTION NO. 2019-22  
A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WEST VALLEY WATER DISTRICT,  
AUTHORIZING SIGNATURE CARD CHANGES- ALL J.P MORGAN CHASE BANKS**

**WHEREAS**, the West Valley Water District ("District") Board of Directors hereby finds that the deposit and withdrawal of money in ALL J.P Morgan (Chase Bank Accounts) in accordance with all California Government Code, including sections 53630-53686 for the purpose of Authorizing signature card changes to the successors in office as provided therein is in the best interests of the District.

**WHEREAS**, amending Resolution No. 2019-18 to add additional successors to the J.P Morgan (ALL Chase Bank Accounts) for the purpose of deposits and withdrawals of District monies in the J.P Morgan (Chase Bank Accounts) in accordance with all California Government Code, including sections 53630-53686.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby authorizes signature card changes to ALL J.P Morgan (Chase Bank Accounts) for the purpose of deposits and withdrawals of District monies in the ALL J.P Morgan (Chase Bank Accounts) in accordance with all California Government Code, including sections 53630-53686 for the purpose of deposits, withdrawals and transfer of funds as provided therein.

**BE IT FURTHER RESOLVED**, as follows: Section 1 The following District officer holding the title of Assistant General Manager Ricardo Pacheco be removed from the Chase Bank Accounts. President Dr. Michael Taylor, Vice President Kyle Crowther, Director Donald Olinger, Director Dr. Clifford Young, Director Greg Young, General Manager Clarence C. Mansell, Jr., Assistant General Manager Logan Olds, Assistant General Manager Jeremiah Brosowske, Chief Financial Officer Shamindra Manbahal are each hereby authorized to order the deposit or withdrawal of monies in ALL J.P Morgan (Chase Bank Accounts) and may execute and deliver any and all documents necessary or advisable in order to effectuate the purpose of this resolution and the purposes of the resolution and the transaction contemplated hereby:

\_\_\_\_\_  
**Dr. Michael Taylor**  
President, Board of Directors

\_\_\_\_\_  
**Kyle Crowther**  
Vice President, Board of Directors

\_\_\_\_\_  
**Donald Olinger**  
Director

\_\_\_\_\_  
**Dr. Clifford Young**  
Director

\_\_\_\_\_  
**Greg Young**  
Director

\_\_\_\_\_  
**Clarence C. Mansell, Jr.**  
General Manager

\_\_\_\_\_  
**Logan Olds**  
Assistant General Manager

\_\_\_\_\_  
**Jeremiah Brosowske**  
Assistant General Manager

\_\_\_\_\_  
**Shamindra Manbahal**  
Chief Financial Officer

**Section 2.** That said Resolution shall be effective August 27<sup>th</sup>, 2019 and shall remain in full force and effect until rescinded by Board of Directors by resolution and a copy of the resolution rescinding and or amending this resolution shall be filed with the State Treasurer's Office

**ADOPTED, SIGNED, AND APPROVED THIS 27<sup>th</sup> DAY OF AUGUST, 2019 BY THE FOLLOWING VOTE:**

<b>AYES:</b>	<b>DIRECTORS:</b>
<b>NOES:</b>	<b>DIRECTORS:</b>
<b>ABSENT:</b>	<b>DIRECTORS:</b>
<b>ABSTAIN:</b>	<b>DIRECTORS:</b>

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**Dr. Michael Taylor**  
**President, Board of Directors**

**ATTEST:**

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Crystal L. Escalera  
Board Secretary



## Part 6. Authorized Representatives and Online Trading Designations

(Below are the individuals authorized to conduct transactions on behalf of the participating entity)

The undersigned certify that any of the persons signing below as an authorized representative of the Participant have the full authority and capacity to invest funds in and withdraw funds from the Shares Program, as well as manage accounts through the CalTRUST Online Portal, pursuant to compliance with the minimum number of authorized traders listed below. The undersigned agree that the certifications, instructions, and authorizations contained in this Program Registration Form and Participation Agreement will remain in effect until the Administrator receives written notice of change.

**Authorized Representatives of:** \_\_\_\_\_  
(Name of Agency)

**Minimum Number of Signatories Required to Authorize a Trade:** \_\_\_\_\_

### Trustee/Fiduciary Signatures and Online Access

(The total number of Trustees/Fiduciaries signing below must equal or exceed the number of authorized signatories required per trade, as listed on the line above.)

#### Trustee/Fiduciary

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

#### Select Online Trading Option(s):

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Trustee/Fiduciary

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

#### Select Online Trading Option(s):

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**Trustee/Fiduciary**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Select Online Trading Option(s):**

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Trustee/Fiduciary**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Select Online Trading Option(s):**

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Trustee/Fiduciary**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Select Online Trading Option(s):**

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





## Part 6. Authorized Representatives and Online Trading Designations

(Below are the individuals authorized to conduct transactions on behalf of the participating entity)

The undersigned certify that any of the persons signing below as an authorized representative of the Participant have the full authority and capacity to invest funds in and withdraw funds from the Shares Program, as well as manage accounts through the CalTRUST Online Portal, pursuant to compliance with the minimum number of authorized traders listed below. The undersigned agree that the certifications, instructions, and authorizations contained in this Program Registration Form and Participation Agreement will remain in effect until the Administrator receives written notice of change.

**Authorized Representatives of:** \_\_\_\_\_  
(Name of Agency)

**Minimum Number of Signatories Required to Authorize a Trade:** \_\_\_\_\_

### Trustee/Fiduciary Signatures and Online Access

(The total number of Trustees/Fiduciaries signing below must equal or exceed the number of authorized signatories required per trade, as listed on the line above.)

#### Trustee/Fiduciary

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

#### Select Online Trading Option(s):

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Trustee/Fiduciary

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

#### Select Online Trading Option(s):

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**Trustee/Fiduciary**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Select Online Trading Option(s):**

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Trustee/Fiduciary**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Select Online Trading Option(s):**

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Trustee/Fiduciary**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Select Online Trading Option(s):**

No Online Access	Trade Entry	Void Trade	Approve Trade	Trade Alert Email	Income Distribution Email
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Part 2. Contact Information for Agency Personnel

### Primary Contact

Name: Shamindra Manbahal

Title: Chief Financial Officer

Telephone: (909) 875-1804 x706 E-Mail Address: smanbahal@wwwd.org

Signature: *S. Manbahal*

### Secondary Contact

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

### Additional Contact (Optional)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

### Additional Contact (Optional)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

**AMENDED RESOLUTION NO. 2019-24  
A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE WEST VALLEY WATER DISTRICT,  
AUTHORIZING SIGNATURE CARD CHANGES FOR LOCAL AGENCY  
INVESTMENT FUND**

**WHEREAS**, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. Seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

**WHEREAS**, the West Valley Water District ("District") Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with all California Government Codes, including section 16429.1 et. Seq. for the purpose of investment as provided therein is in the best interests of the District.

**WHEREAS**, amending Resolution No. 2019-15 to add successors to all investments of monies in the local agency investment fund by authorizing the successors in office to such investments of monies in the local Agency Investment Fund by authorizing signature cards to their successors.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby authorizes the deposit and withdrawal of District monies in the Local Agency Investment Fund in the State Treasury in accordance with all California Government Codes, including section 16429.1 et. Seq. for the purpose of investment as provided therein.

**BE IT FURTHER RESOLVED**, as follows: Section 1, The following District officers holding the title of Assistant General Manager Ricardo Pacheco be removed from the Local Agency Investment Fund. The following successors are added President Dr. Michael Taylor, Vice President Kyle Crowther, Director Donald Olinger, Director Clifford Young, Director Greg Young, General Manager Clarence C. Mansell, Jr., Assistant General Manager Logan Olds, Assistant General Manager Jeremiah Brosowske, Chief Financial Officer Shamindra Manbahal are each hereby authorized to order the deposit or withdrawal of monies in Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purpose of this resolution and the purposes of the resolution and the transaction contemplated hereby:

\_\_\_\_\_  
**Dr. Michael Taylor**  
President, Board of Directors

\_\_\_\_\_  
**Kyle Crowther**  
Vice President, Board of Directors

\_\_\_\_\_  
**Donald Olinger**  
Director

\_\_\_\_\_  
**Dr. Clifford Young**  
Director

\_\_\_\_\_  
**Greg Young**  
Director

\_\_\_\_\_  
**Clarence C. Mansell, Jr.**  
General Manager

\_\_\_\_\_  
**Logan Olds**  
Assistant General Manager

\_\_\_\_\_  
**Jeremiah Brosowske**  
Assistant General Manager

\_\_\_\_\_  
**Shamindra Manbahal**  
Chief Financial Officer

**Section 2.** That said Resolution shall be effective August 27t, 2019 and shall remain in full force and effect until rescinded by Board of Directors by resolution and a copy of the resolution rescinding and or amending this resolution shall be filed with the State Treasurer's Office.

2.4.g

ADOPTED, SIGNED, AND APPROVED THIS 27<sup>th</sup> DAY OF AUGUST, 2019 BY THE FOLLOWING VOTE:

AYES:	DIRECTORS:
NOES	DIRECTORS:
ABSENT:	DIRECTORS:
ABSTAIN:	DIRECTORS:

---

**Dr. Michael Taylor**  
**President, Board of Directors**

ATTEST:

---

Crystal L. Escalera  
Board Secretary



California State Treasurer's Office  
Local Agency Investment Fund (LAIF)  
Authorization for Transfer of Funds

Effective Date \_\_\_\_\_

Agency Name \_\_\_\_\_

LAIF Account # \_\_\_\_\_

Agency's LAIF Resolution # \_\_\_\_\_ or Resolution Date \_\_\_\_\_

**ONLY** the following individuals whose names appear in the table below are hereby authorized to order the deposit or withdrawal of funds in LAIF. ***This authorization REPLACES AND SUPERSEDES all prior authorizations on file with LAIF for the transfer of funds.***

Name	Title

**Two authorized signatures required.** Each of the undersigned certifies that he/she is authorized to execute this form under the agency's resolution, and that the information contained herein is true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

Please provide email address to receive LAIF notifications.

Name	Email

Mail completed form to: State Treasurer's Office  
Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001



**California State Treasurer's Office  
Local Agency Investment Fund (LAIF)  
Authorization for Transfer of Funds**

Effective Date \_\_\_\_\_ Agency Name \_\_\_\_\_ LAIF Account # \_\_\_\_\_

Agency's LAIF Resolution # \_\_\_\_\_ or Resolution Date \_\_\_\_\_

**ONLY** the following individuals whose names appear in the table below are hereby authorized to order the deposit or withdrawal of funds in LAIF. ***This authorization REPLACES AND SUPERSEDES all prior authorizations on file with LAIF for the transfer of funds.***

Name	Title

**Two authorized signatures required.** Each of the undersigned certifies that he/she is authorized to execute this form under the agency's resolution, and that the information contained herein is true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone

Please provide email address to receive LAIF notifications.

Name	Email

**Mail completed form to: State Treasurer's Office  
Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001**





**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** APPROVAL TO CLOSE CHASE BANK ACCOUNT - SPECIAL REBATE

---

**BACKGROUND:**

At its meeting on January 18, 2018, the Board of Directors approved a 15% rebate to rate payers for their 2017 water consumption charges. As a result, a rebate bank account was established in the amount of approx. 2.3 million to issue rebate checks to rate payers.

**DISCUSSION:**

Currently, the rebate bank account has a zero balance because funds were transferred to the general checking account. There are approx. 350 stale dated checks totaling approx. \$65,000 which could be reissued and paid from the general checking account upon customer's request.

**FISCAL IMPACT:**

There isn't a fiscal impact due to the transfer of funds from the rebate account to general checking account. However, if we do not close the rebate account stop payment fees of up to \$25 per check will be assessed to the District.

**STAFF RECOMMENDATION:**

Staff is recommending the Board of Directors to approve closure of the rebate account and reissuance of stale dated checks upon customer's request.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Clarence C. Mansell Jr." is positioned above a horizontal line.

---

---

Clarence Mansell Jr, General Manager

MC:ce



**BOARD OF DIRECTORS  
STAFF REPORT**

**DATE:** August 27, 2019  
**TO:** Board of Directors  
**FROM:** Clarence Mansell Jr., General Manager  
**SUBJECT:** PRESENTATION BY PUN GROUP FOR THE SPECIAL AUDIT JULY 1, 2018-JAN 31, 2019

---

**BACKGROUND:**

A special audit of the West Valley Water District's finances and internal controls were performed by the Pun Group, as approved previously by the Board of Directors. This audit was for the period from July 1, 2018 through January 31, 2019. The audit preparation of workpapers by the District staff and the audit procedures practiced by the audit staff were identical to those of a regular annual audit. The only difference was the audit was performed for a 7 month period.

**DISCUSSION:**

The results of the audit can be found in the Comprehensive Annual Financial Report (CAFR) for the 7 months ended January 31, 2019. In addition, the Matters on Internal Control letter, also known as the management letter findings or auditors internal control findings, were part of the scope of the special audit.

**FISCAL IMPACT:**

None noted.

**STAFF RECOMMENDATION:**

Staff recommends the Board receive and file the CAFR and Matters on Internal Control letter.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Clarence C. Mansell Jr." with a stylized flourish at the end.

---

Clarence Mansell Jr, General Manager

MVC:ce

**ATTACHMENT(S):**

1. West Valley Water District\_Special Audit 7.1.2018 to 1.31.2019
2. 2019\_WVWD\_Matters of Internal Control FINAL



**Basic Financial Statements**  
**For the Seven Months Ended January 31, 2019**







## **Basic Financial Statements**

**For the Seven Months Ended January 31, 2019**

West Valley Water District  
855 W. Baseline Road  
Rialto, California 92376

Prepared by:

*West Valley Water District Accounting Department*





**West Valley Water District  
Basic Financial Statements  
For the Seven Months Ended January 31, 2019**

**Table of Contents**

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	<u>Page</u>
Table of Contents.....	-i-
<b>Independent Auditors’ Report</b> .....	1
<b>Financial Section:</b>	
<b>Basic Financial Statements:</b>	
Statement of Net Position .....	4
Statement of Revenues, Expenses, and Changes in Net Position .....	6
Statement of Cash Flows .....	7
Notes to the Basic Financial Statements.....	11
<b>Required Supplementary Information (Unaudited):</b>	
Schedule of the District’s Proportionate Share of the Net Pension Liability and Related Ratios - CalPERS Miscellaneous Rate Plan.....	39
Schedule of the Contributions – CalPERS Miscellaneous Rate Plan .....	40
Schedule of Changes in Total OPEB Liability and Related Ratios .....	41
Schedule of the Contributions – OPEB Plan .....	42

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the West Valley Water District  
Rialto, California

### Report on Financial Statements

We have audited the accompanying financial statements of the West Valley Water District (the "District"), which comprise the statement of net position as of January 31, 2019 and the related statements of revenues, expenses, and changes in net position, and cash flows for the seven month then ended, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

### Basis for Qualified Opinion

Management has not performed a roll-forward valuation on both Pensions and OPEB and used a measurement date that is within one year from the financial reporting date. Accounting principles generally accepted in the United States of America require that the measurement date not to exceed one year to the prior financial reporting date. The amount by which this departure would affect the deferred outflows/inflows of resources, liabilities, net position and expenses has not been determined.

200 E. Sandpointe Avenue, Suite 600, Santa Ana, California 92707  
Tel: 949-777-8800 • Fax: 949-777-8850 • [www.pungroup.com](http://www.pungroup.com)

To the Board of Directors  
of the West Valley Water District  
Page 2

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the “Basis for Qualified” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of January 31, 2019, and the changes in financial position thereof for the seven months then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Contributions - OPEB, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*The PwC Group, LLP*

Santa Ana, California  
August 19, 2019

**BASIC FINANCIAL STATEMENTS**

**West Valley Water District**  
**Statement of Net Position**  
**January 31, 2019**

**ASSETS**

**Current assets:**

Cash and cash equivalents (Note 2)	\$	1,816,502
Investments (Note 2)		50,719,854
Accrued interest receivable		24,843
Accounts receivable – water sales and services, net		2,761,490
Accounts receivable – redevelopment pass-through		41,082
Grant reimbursement receivable		284,313
Accounts receivable – other		99,062
Due from other governments		157,419
Materials and supplies inventory		264,943
Prepaid water		825,296
Prepaid items		419,713
<b>Total current assets</b>		<b>57,414,517</b>

**Noncurrent assets:**

Accounts receivable - redevelopment pass-through		410,816
Water participation rights, net (Note 4)		7,207,605
Capital assets (Note 3):		
Nondepreciable		9,766,809
Depreciable, net of accumulated depreciation		107,491,541
Capital assets, net		117,258,350
<b>Total noncurrent assets</b>		<b>124,876,771</b>
<b>Total assets</b>		<b>182,291,288</b>

**DEFERRED OUTFLOWS OF RESOURCES**

**Deferred outflows of resources:**

Deferred outflows of resources related to pensions (Note 7)		2,855,532
Deferred outflows of resources related to OPEB (Note 8)		1,886,883
Deferred outflows of resources related to debt refunding		187,988
<b>Total deferred outflows of resources</b>		<b>4,930,403</b>

**West Valley Water District**  
**Statement of Net Position (Continued)**  
**January 31, 2019**

**LIABILITIES**

**Current liabilities:**

Accounts payable and accrued expenses	2,300,668
Accrued salaries and related payables	158,136
Accrued interest payable	301,150
Pass-through utility user taxes payable	114,795
Customer deposits	1,694,181
Construction advances and deposits	1,124,532
Long-term liabilities – due within one year:	
Compensated absences (Note 5)	423,428
Contract payable (Note 6)	468,554
Bonds payable (Note 6)	410,000
<b>Total current liabilities</b>	6,995,444

**Noncurrent liabilities:**

Deferred revenue – developers	244,691
Long-term liabilities – due in more than one year:	
Compensated absences (Note 5)	346,441
Contingent liability (Note 10)	438,970
Contract payable (Note 6)	6,752,109
Bonds payable (Note 6)	21,763,070
Net pension liability (Note 7)	5,854,618
Net other post-employment benefits liability (Note 8)	8,110,225
<b>Total noncurrent liabilities</b>	43,510,124
<b>Total liabilities</b>	50,505,568

**DEFERRED INFLOWS OF RESOURCES**

**Deferred inflows of resources:**

Deferred inflows of resources related to pensions (Note 7)	630,590
Deferred inflows of resources related to OPEB (Note 8)	6,390,140
<b>Total deferred inflows of resources</b>	7,020,730

**NET POSITION**

**Net position:**

Net investment in capital assets (Note 9)	95,260,210
Restricted for:	
Capital projects	7,528,673
Unrestricted	26,906,510
<b>Total net position</b>	\$ 129,695,393

**West Valley Water District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Seven Months Ended January 31, 2019**

<b>OPERATING REVENUES:</b>	
Water consumption sales	\$ 11,447,412
Water service charges	4,150,036
Other operating revenue	2,009,147
Water rate rebate	72
<b>Total operating revenues</b>	<u>17,606,667</u>
<b>OPERATING EXPENSES:</b>	
Source of supply	1,244,878
Pumping	1,832,631
Water treatment	2,370,447
Transmission and distribution	957,486
Customer accounts	1,329,001
Conservation	632,721
General and administrative	4,230,732
Depreciation expense	6,022,835
Amortization of water participation rights	187,558
<b>Total operating expenses</b>	<u>18,808,289</u>
<b>OPERATING (LOSS)</b>	<u>(1,201,622)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Property taxes	1,301,228
Grants and reimbursements	653,143
Interest and investment earnings	826,844
Rental revenue	19,634
Other non-operating revenues	7,408
Interest expense	(509,489)
Change in contingent liability	-
<b>Total nonoperating revenues (expenses)</b>	<u>2,298,768</u>
<b>Net income before capital contributions</b>	1,097,146
<b>CAPITAL CONTRIBUTIONS:</b>	
Developer contributions	2,184,247
Capacity charges	711,024
<b>Total capital contributions</b>	<u>2,895,271</u>
<b>CHANGES IN NET POSITION</b>	3,992,417
<b>NET POSITION:</b>	
Beginning of year	<u>125,702,976</u>
End of year	<u>\$ 129,695,393</u>

See accompanying Notes to the Basic Financial Statements.



**West Valley Water District**  
**Statement of Cash Flows**  
**For the Seven Months Ended January 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash receipts from customers for water sales and services	\$ 15,714,793
Cash rebated to customers	72
Cash paid to employees for salaries and benefits	(5,257,905)
Cash paid to vendors and suppliers for materials and services	(8,616,760)
Cash received from others	2,125,895
<b>Net cash provided by operating activities</b>	<b>3,966,095</b>

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES:**

Property taxes and fee collected	1,301,228
Receipts from other revenues	680,185
<b>Net cash provided by noncapital financing activities</b>	<b>1,981,413</b>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(5,681,982)
Proceeds from developer contributions	2,184,247
Proceeds from capacity charges	711,024
Proceeds from accounts receivable - redevelopment pass-through	(1)
Proceeds from sale of capital assets	10,378
Principal paid on long-term debt	(574,500)
Interest paid on long term debt	(455,398)
<b>Net cash (used in) capital and related financing activities</b>	<b>(3,806,232)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of investments	(2,256,985)
Interest received	857,840
<b>Net cash (used in) investing activities</b>	<b>(1,399,145)</b>

**Net change in cash and cash equivalents** 742,131

**CASH AND CASH EQUIVALENTS:**

Beginning of year	1,074,371
End of year	<b>\$ 1,816,502</b>

**West Valley Water District**  
**Statement of Cash Flows (Continued)**  
**For the Seven Months Ended January 31, 2019**

**RECONCILIATION OF OPERATING  
(LOSS) TO NET CASH PROVIDED BY  
OPERATING ACTIVITIES:**

Operating (loss)	\$	(1,201,622)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense		6,022,835
Amortization of water participation rights		187,558
(Increase) decrease in:		
Accounts receivable – water sales and services, net		380,520
Grant reimbursement receivable		21,879
Accounts receivable – other		78,769
Property taxes receivable		20,104
Due from other government		116,748
Materials and supplies inventory		(4,398)
Prepaid water		(411,482)
Prepaid items		45,963
Deferred outflows of resources - pensions		(297,605)
Deferred outflows of resources - OPEB		(736,658)
Increase (decrease) in:		
Accounts payable and accrued expenses		110,225
Accrued salaries and related payables		(176,156)
Pass-through utility user taxes payable		10,096
Customer deposits		(54,774)
Construction advances and deposits		(181,929)
Compensated absences		183,246
Unearned revenue - developers		(147,224)
Total adjustments		5,167,717
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>3,966,095</b>

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**West Valley Water District**  
**Notes to the Basic Financial Statements**  
**For the Seven Months Ended January 31, 2019**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

***Organization and Operations of the Reporting Entity***

Established on January 8, 1952, the West Valley Water District (the “District”) is located in Southwestern San Bernardino County with a small area of Northwestern Riverside County. The District’s service area is approximately 31 square miles. The District uses 376 miles of water mains to provide water to approximately 21,000 customers. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The West End Water Development, Treatment and Conservation Joint Powers Authority (the “Authority”) was formed on April 7, 1989, pursuant to the provisions of Article I, Chapter S, Division 7, Title 1 of the California Government Code. The Authority is deemed to be a component unit of the West Valley Water District, City of Rialto and the Municipal Water Department of the City of San Bernardino. The District’s portion of the Authority has been included in these financial statements using the blended method of reporting. The Authority has had no activity in the past 10 years and reports no assets or liabilities.

The criteria used in determining the scope of the financial reporting entity is based on generally accepted accounting principles. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization’s governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

***Basis of Presentation***

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

***Basis of Accounting and Measurement Focus***

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding.

The 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. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting and Measurement Focus (Continued)***

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

***Cash and Cash Equivalents***

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

***Investments***

Investments are stated at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

***Fair Value Measurements***

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 — Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 — Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

***Restricted Assets***

Certain assets of the District are restricted in use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statement of net position. Revenue bond reserve funds and construction funds set aside from bond proceeds are restricted for future debt service payments and construction projects. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Accounts Receivable and Allowance for Uncollectible Accounts***

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

***Materials and Supplies Inventory***

Materials and supplies inventory consist primarily of water meters, pipe and pipe fittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

***Prepaid Items***

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

***Water Stock – Fontana Union Water Company***

Over the years, the District has acquired stock in the Fontana Union Water Company in order to obtain water rights within the Company's service area. The stock is presented with investments in the accompanying statement of net position, and is reported at acquisition cost, which approximates fair value.

***Accounts Receivable – Redevelopment Pass-Through***

The District has a tax pass-through agreement with the City of Rialto; whereby, the County of San Bernardino auditor-controller is to pay a portion of the City's incremental tax receipts directly to the District for water-related improvements within the Agua Mansa redevelopment area. Over the past several years, the District has received an annual payment of the revenue that it is entitled to and it is anticipated that the District will continue to collect annual payments through fiscal year 2029.

***Capital Assets***

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Source of supply plant	20 years
Pumping plant	10 - 20 years
Water treatment plant	10 years
Transmission and distribution plant	15 - 60 years
General plant	5 - 20 years

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Compensated Absences***

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

***Construction Advances and Deposits***

Construction advances represent deposits received in aid of construction, which are refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction project is completed.

***Defined Benefit Pension Plans***

In accordance with GASB 68, there is a requirement that the measurement date not to exceed one year to the prior financial reporting date. Since this is an interim financial statements, the measurement date is greater than one year. Accordingly, the audit report is qualified.

For purposes of measuring the net pension liability, and deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the District's pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by plans (Note 7). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	<u>June 30, 2018</u>
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.



**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Other Postemployment Benefits (“OPEB”)***

In according with GASB 75, there is a requirement that the measurement date not to exceed one year to the prior financial reporting date. Since this is an interim financial statements, the measurement date is greater than one year. Accordingly, the audit report is qualified.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s OPEB Plan and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 8). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for pension reporting:

<u>OPEB</u>	<u>June 30, 2018</u>
Valuation date	June 30, 2017
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

***Net Position***

The financial statements utilize a net position presentation. Net position is categorized as follows:

**Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of debt that are attributable to the acquisition, construction or improvement of those assets.

**Restricted**– This component of net position consists of restricted assets reduced by liabilities and deferred outflows and inflows of resources related to those assets.

**Unrestricted** – This component of net position is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

***Water Sales and Sewer Services***

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

***Capital Contributions***

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment. Any prepayments received by the District are reported as unearned revenue until construction of the related project has commenced and the District is reasonably certain they will be completed. Upon completion, the applicable amounts are recognized as capital contributions.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Budgetary Policies***

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

***Use of Estimates***

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results most likely will differ from those estimates.

**Note 2 – Cash and Investments**

Cash and investments as of January 31, 2019 were classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 1,816,502
Investments	50,719,854
Total cash and investments	<u>\$ 52,536,356</u>

Cash and investments as of January 31, 2019 consist of the following:

	<u>January 31, 2019</u>
Cash on hand	\$ 4,300
Deposits held with financial institutions	1,812,202
Investments	50,719,854
Total cash and investments	<u>\$ 52,536,356</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 2 – Cash and Investments (Continued)**

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Entity Securities <sup>1</sup>	3 years	None	None
Certificate of Deposit <sup>2</sup>	5 years	None	50%
Money Market Mutual Funds	N/A	20%	50%
Collateralized Bank Deposits <sup>3</sup>	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
CalTrust	2 years	None	None
Municipal Securities	5 years	20%	None
Banker's Acceptances	180 days	25%	50%
Commercial Paper	270 days	25%	10%
Repurchase Agreement	90 days	10%	50%
Medium-Term Notes	5 years	30%	50%
Local Government Investment Pools (LGIP)	5 years	50%	50%
Supranational	5 years	30%	10%

<sup>1</sup> Purchase of callable Federal Agency Obligations are limited to a maximum 30% of portfolio.

<sup>2</sup> Only a maximum 30% of surplus funds can be invested in Certificates of Deposit.

<sup>3</sup> Only a maximum of 20% the portfolio may be invested in Time Certificate of Deposits (TCDs). The maturity of TCDs may not exceed 4 years.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 2 – Cash and Investments (Continued)**

***Fair Value Measurements***

At January 31, 2019, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at January 31, 2019:

Investment Type	Measurement Input		
	Significant Other Observable Inputs (Level 2)	Uncategorized	Total
CalTrust	\$ -	\$ 25,376,666	\$ 25,376,666
U.S. Agency Obligations	5,717,288	-	5,717,288
U.S. Treasury Obligations	2,954,429	-	2,954,429
U.S. Corporate	3,049,341	-	3,049,341
Supranational	485,965	-	485,965
Local Agency Investment Fund (LAIF)	-	13,092,002	13,092,002
Money Market Mutual Funds	-	44,163	44,163
Total	<u>\$ 12,207,023</u>	<u>\$ 38,512,831</u>	<u>\$ 50,719,854</u>

***Interest Rate Risk***

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the table on the following page that shows the distribution of the District's investments by maturity.

The District's investments as of January 31, 2019 were as follows:

Investment Type	Investment Maturities (in Years)			Fair Value Total
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	
CalTrust	\$ 15,126,328	\$ 10,250,338	\$ -	\$ 25,376,666
U.S. Agency Obligations	1,243,725	2,481,548	1,992,015	5,717,288
U.S. Treasury Obligations	248,438	1,970,328	735,663	2,954,429
U.S. Corporate	299,054	1,334,942	1,415,345	3,049,341
Supranational	-	-	485,965	485,965
Local Agency Investment Fund (LAIF)	13,092,002	-	-	13,092,002
Money Market Mutual Funds	44,163	-	-	44,163
Total	<u>\$ 30,053,710</u>	<u>\$ 16,037,156</u>	<u>\$ 4,628,988</u>	<u>\$ 50,719,854</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 2 – Cash and Investments (Continued)**

***Custodial Credit Risk***

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

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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).

***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. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the District's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard and Poor's, and Moody's Investors Service. Presented in the following table is the Standard and Poor's credit ratings for the Districts investments as of January 31, 2019.

Investment Type	Total As of January 31, 2019	Minimum Legal Rating	A or Higher	Unrated
CalTrust	\$ 25,376,666	N/A	\$ -	\$ 25,376,666
U.S. Agency Obligations	5,717,288	N/A	5,717,288	-
U.S. Treasury Obligations	2,954,429	N/A	2,954,429	-
U.S. Corporate	3,049,341	A	3,049,341	-
Supranational	485,965	AA	485,965	-
Local Agency Investment Fund (LAIF)	13,092,002	N/A	-	13,092,002
Money Market Mutual Funds	44,163	AAA	44,163	-
Total	<u>\$ 50,719,854</u>		<u>\$ 12,251,186</u>	<u>\$ 38,468,668</u>

***Concentration of Credit Risk***

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments as of January 31, 2019.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 2 – Cash and Investments (Continued)**

***Local Agency Investment Funds***

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.

The District's investment with LAIF at January 31, 2019, included a portion of the pool funds investing in Structured Notes and Asset-Backed Securities:

*Structured Notes:* debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

*Asset-Backed Securities:* generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$13,092,002 invested in LAIF, which had invested 2.11% of the pooled investment funds in structured notes and medium-term asset-backed securities as of January 31, 2019, respectively. The LAIF fair value factor of 0.999051127 was used to calculate the fair value of the investments in LAIF as of January 31, 2019.

***Investment in CalTRUST***

The Investment Trust of California, doing business as CalTRUST, is a California joint powers authority which provides California Public Agencies with investment management services for surplus funds to consolidate investment activities of its Participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTRUST. CalTRUST currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTRUST Short-Term Fund Series and CalTRUST Medium-Term Fund Series.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 3 – Capital Assets**

Changes in capital assets for the seven months ended January 31, 2019, were as follows:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance January 31, 2019
<b>Non-depreciable assets:</b>					
Land and land rights	\$ 2,212,967	\$ -	\$ -	\$ -	\$ 2,212,967
Water rights	404,949	-	-	-	404,949
Construction-in-process	4,343,489	2,895,734	(10,378)	(79,952)	7,148,893
Total non-depreciable assets	<u>6,961,405</u>	<u>2,895,734</u>	<u>(10,378)</u>	<u>(79,952)</u>	<u>9,766,809</u>
<b>Depreciable assets:</b>					
Source of supply plant	5,863,657	161,373	-	-	6,025,030
Pumping plant	10,823,375	-	-	-	10,823,375
Bio-remediation plant	24,907,020	-	-	-	24,907,020
Water treatment plant	32,228,636	91,551	-	42,166	32,362,353
Transmission and distribution plant	111,212,275	2,258,172	-	-	113,470,447
General plant and equipment	13,174,062	275,152	-	37,786	13,487,000
Total depreciable assets	<u>198,209,025</u>	<u>2,786,248</u>	<u>-</u>	<u>79,952</u>	<u>201,075,225</u>
<b>Less accumulated depreciation:</b>					
Source of supply plant	(3,828,182)	(277,473)	-	-	(4,105,655)
Pumping plant	(7,263,686)	(473,432)	-	-	(7,737,118)
Bio-remediation plant	(3,720,641)	(830,234)	-	-	(4,550,875)
Water treatment plant	(27,044,198)	(970,933)	-	-	(28,015,131)
Transmission and distribution plant	(39,510,971)	(2,646,852)	-	-	(42,157,823)
General plant and equipment	(6,193,171)	(823,911)	-	-	(7,017,082)
Total accumulated depreciation	<u>(87,560,849)</u>	<u>(6,022,835)</u>	<u>-</u>	<u>-</u>	<u>(93,583,684)</u>
Total depreciable assets, net	<u>110,648,176</u>	<u>(3,236,587)</u>	<u>-</u>	<u>79,952</u>	<u>107,491,541</u>
<b>Total capital assets, net</b>	<u>\$ 117,609,581</u>	<u>\$ (340,853)</u>	<u>\$ (10,378)</u>	<u>\$ -</u>	<u>\$ 117,258,350</u>

Depreciation expense for the seven months ended January 31, 2019 was \$6,022,835.

Major capital assets additions during the current year include the upgrades and extensions of the District's transmission and distribution, water treatment plant, general plant and pumping plant. A significant portion of these additions were constructed by the District and/or sub-contractors and transferred out of construction-in-process, upon completion of these various projects.

**Construction-In-Process**

The construction-in-process balances at January 31, 2019 are as follows:

Fixed Bed Reactor Design	\$ 3,000,000
Rehab Reservoir 4-3 In/Ex	1,017,034
Various minor district projects	3,021,886
Various other developer projects	109,973
<b>Total construction-in-process</b>	<u>\$ 7,148,893</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 4 – Water Participation Rights**

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District for \$9,645,865. The District is amortizing the participation rights until January 31, 2041. Balances as of January 31, 2019 were as follows:

Description	
Water participation rights	\$ 9,645,865
Accumulated amortization	(2,438,260)
Water participation rights, net	\$ 7,207,605

**Note 5 – Compensated Absences**

Changes to compensated absences for the seven months ended January 31, 2019 were as follows:

	Balance July 1, 2018	Earned	Taken	Balance January 31, 2019	Current Portion	Non-current Portion
Compensated absences	\$ 586,623	\$ 372,406	\$ (189,160)	\$ 769,869	\$ 423,428	\$ 346,441

**Note 6 – Long-Term Debt**

Changes in long-term debt for the seven months ended January 31, 2019 were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance January 31, 2019	Amount Due Within One Year	Amount Due In More Than One Year
Water Revenue Refunding Bonds, Series 2016A	\$ 21,440,000	\$ -	\$ (400,000)	\$ 21,040,000	\$ 410,000	\$ 20,630,000
Add: Unamortized Premium	1,156,763	-	(23,693)	1,133,070	-	1,133,070
Total bond payable	22,596,763	-	(423,693)	22,173,070	410,000	21,763,070
Water Participation Rights Contract payable	7,395,163	-	(174,500)	7,220,663	468,554	6,752,109
<b>Total long-term debt</b>	<b>\$ 29,991,926</b>	<b>\$ -</b>	<b>\$ (598,193)</b>	<b>\$ 29,393,733</b>	<b>\$ 878,554</b>	<b>\$ 28,515,179</b>

**Water Revenue Refunding Bonds Series 2016A**

The 2016A Bonds were issued to provide funds, together with certain other moneys: (i) to prepay all amounts payable under the Series 2006D-2 Bonds installment purchase agreement between the District and California Statewide Communities Development Authority; and (ii) pay costs of issuance of the 2016A Bonds. The 2016A Bonds were issued pursuant to an Indenture of Trust, dated December 1, 2016, by and between the District and U.S. Bank National Association. The 2016A Bonds were in the aggregate principal amount of \$22,035,000. The 2016A Bonds were dated as of the date of initial issuance, and will bear interest ranging from 2.00% to 5.00% per annum, payable on April 1 and October 1, commencing April 1, 2017, and ending October 1, 2047. The Series 2016A Bonds are payable solely from the net revenues of the District's water system as defined in the Series 2016A Bond Indenture.



**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 6 – Long-term Debt (Continued)**

***Water Revenue Refunding Bonds Series 2016A (Continued)***

The amount outstanding at January 31, 2019 totaled \$21,040,000. The annual debt service requirements on these bonds are as follows:

June 30,	Principal	Interest	Total
2020	\$ 410,000	\$ 903,450	\$ 1,313,450
2021	415,000	895,250	1,310,250
2022	430,000	882,800	1,312,800
2023	440,000	869,900	1,309,900
2024	455,000	856,700	1,311,700
2025-2029	2,590,000	3,964,500	6,554,500
2030-2034	3,290,000	3,266,400	6,556,400
2035-2039	3,265,000	2,366,750	5,631,750
2040-2044	3,910,000	1,636,200	5,546,200
2045-2047	5,835,000	700,200	6,535,200
Total	<u>\$ 21,040,000</u>	<u>\$ 16,342,150</u>	<u>\$ 37,382,150</u>

***Water Participation Rights Contract Payable***

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District. These rights entitle the District to purchase water from the Baseline Feeder system. The payment for the rights is calculated at 5,000 acre feet at \$90 per acre foot, per year, payable in monthly installments of \$26,794, until January 31, 2041. The calculated annual amount of \$321,529 is a minimum usage fee which does not actually represent the purchase of any water. Purchased water is billed in addition to the minimum fee.

For the seven months period ended January 31, 2019, debt service payments in the amount of \$468,554 due between February 1, 2019 and June 30, 2020 are considered current portion of the long-term debt to the District.

June 30,	Principal
2019	\$ 147,025
2020	321,529
2021	321,529
2022	321,529
2023	321,529
2024-2028	1,607,645
2029-2033	1,607,645
2034-2038	1,607,645
2039-2041	964,587
Total	<u>\$ 7,220,663</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 7 – Defined Benefit Pension Plans**

The following is the summary of net pension liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2018 and pension expense for the year then ended.

<b>Deferred outflows of resources:</b>	
Pension contribution made after measurement date	\$ 1,012,610
Difference between expected and actual experiences	9,133
Difference between projected and actual earnings on pension investments	256,290
Adjustment due to difference in proportion	172,934
Difference between District's contribution and proportionate share of contribution	271,335
Change of assumptions	1,133,230
<b>Total deferred outflows of resources</b>	<b>\$ 2,855,532</b>
<b>Net pension liability:</b>	
Miscellaneous	\$ 5,854,618
<b>Total net pension liability</b>	<b>\$ 5,854,618</b>
<b>Deferred inflows of resources:</b>	
Difference between expected and actual experiences	\$ 130,852
Adjustment due to difference in proportion	282,758
Difference between District's contribution and proportionate share of contribution	130,570
Change of assumptions	86,410
<b>Total deferred inflows of resources</b>	<b>\$ 630,590</b>
<b>Pension Expense:</b>	
Miscellaneous	\$ 894,612
<b>Total pension expense</b>	<b>\$ 894,612</b>

Plans Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of the average final 12 months compensation. Retirement benefits for PEPRAs miscellaneous employees are calculated as 2% of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 7 – Defined Benefit Pension Plans (Continued)**

**General Information about the Pension Plan**

*Benefits Provided (Continued)*

The Plan's provisions and benefits in effect as of June 30, 2018 are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>
	<b>Prior to January 1, 2013</b>	<b>On or After January 1, 2013</b>
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-67 & up	52-67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.500%
Required employer contribution rates	8.921%	6.533%

*Employees Covered by Benefit Terms*

As of June 30, 2016, the valuation date, the following employees were covered by the benefit terms for the Plan:

	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
Active employees	51	15
Transferred and terminated employees	30	-
Retired employees and beneficiaries	35	-
Total	116	15

*Contributions*

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

	<b>Measurement Period Ended June 30, 2017</b>	
	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
Employer Contribution Rate	17.432%	8.880%
Employee Contribution Rate	6.886%	6.250%
	<b>Fiscal Year Ended June 30, 2018</b>	
	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
Employer Contribution Rate	8.921%	6.533%
Employee Contribution Rate	6.896%	6.250%

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 7 – Defined Benefit Pension Plans (Continued)**

**Net Pension Liability**

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

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation was based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

*Change of Assumptions*

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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.

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

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 7 – Defined Benefit Pension Plans (Continued)**

**Net Pension Liability (Continued)**

*Discount Rate (Continued)*

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (“PERF”) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds’ asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 11+ <sup>1</sup>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	<u>100.00%</u>		

<sup>1</sup> An expected inflation of 2.5% and 3.0% used for years 1-10 and years 11+, respectively.

**Changes in the Net Pension Liability**

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the District’s miscellaneous plan’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2018.

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) - (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 23,489,282	\$ 18,463,952	\$ 5,025,330
Balance at June 30, 2017 (Measurement Date)	27,157,658	21,303,040	5,854,618
Net Changes during 2016-2017	3,668,376	2,839,088	829,288

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 7 – Defined Benefit Pension Plans (Continued)**

**Changes in the Net Pension Liability (Continued)**

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2016-17).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the District's share of contributions made during the measurement period.

The District's proportionate share of the net pension liability for the Plan as of the June 30, 2016, and 2017 measurement dates was as follows:

June 30, 2016	0.1447%
June 30, 2017	0.1485%
Change - Increase (Decrease)	<u>0.0038%</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 7 – Defined Benefit Pension Plans (Continued)**

**Changes in the Net Pension Liability (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate for the June 30, 2017 Valuation Date as follows:

	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1%</b>	<b>Current Discount</b>	<b>Discount Rate + 1%</b>
	<b>(6.15%)</b>	<b>Rate (7.15%)</b>	<b>(8.15%)</b>
Miscellaneous Plan	\$ 9,590,069	\$ 5,854,618	\$ 2,760,850

*Pension Plan Fiduciary Net Position*

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

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the measurement periods ended June 30, 2017, the District incurred a pension expense of \$894,612. As of measurement date of June 30, 2017, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

<b>Description</b>	<b>Deferred outflow of Resources</b>	<b>Deferred inflow of Resources</b>
Pension contribution made after measurement date	\$ 1,012,610	\$ -
Difference between expected and actual experiences	9,133	130,852
Difference between projected and actual earnings on pension investments	256,290	-
Adjustment due to difference in proportion	172,934	282,758
Difference between District's contribution and proportionate share of contribution	271,335	130,570
Change of assumptions	1,133,230	86,410
Total	\$ 2,855,532	\$ 630,590

The amounts above are net of outflows and inflows recognized in the 2016-2017 measurement period expense.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for the miscellaneous risk pool for the 2016-17 measurement period is 3.8 years, which was obtained by dividing the total service years of 490,088 (the sum of remaining service lifetimes of the active employees) by 130,595 (the total number of participants: active, inactive, and retired), respectively.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 7 – Defined Benefit Pension Plans (Continued)**

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)**

\$1,012,610 reported as deferred outflows of resources related to pensions for miscellaneous plan, resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows/ (Inflows) of Resources Resources</b>
2018	\$ 283,148
2019	672,073
2020	409,276
2021	(152,165)
2022	-
Thereafter	-
Total	\$ 1,212,332

**Note 8 – Other Postemployment Benefits (“OPEB”)**

At June 30, 2018, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follow:

<b>Deferred outflows of resources:</b>	
OPEB contribution made after measurement date	\$ 1,886,883
<b>Total deferred outflows of resources</b>	<b>\$ 1,886,883</b>
<b>Total other postemployment benefit liability</b>	<b>\$ 8,110,225</b>
<b>Deferred inflows of resources:</b>	
Change of assumptions	\$ 6,390,140
<b>Total deferred inflows of resources</b>	<b>\$ 6,390,140</b>
<b>OPEB Expense</b>	<b>\$ 397,342</b>

**General Information about the OPEB Plan**

**Plan Description**

The District pays a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the CalPERS Health Program, subject to certain restrictions as determined by the District. The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's CalPERS Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.



**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

Eligibility

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	79
Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to, but not yet receiving benefits	-
Total	104

Contributions

The OPEB Plan and its contribution requirements are established by Ordinance and may be amended by Board action to update the original Ordinance. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the District’s cash contributions were \$1,119,255 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund and the estimated implied subsidy was \$31,000 resulting in total payments of \$1,150,255.

Net OPEB Obligation

The District’s Net OPEB Liability was measured as of June 30, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

Actuarial Valuation Date	June 30, 2017
Contribution Policy	Pre-fund through CERBT Strategy 1; contributing ADC
Actuarial Assumptions:	
Discount Rate	6.75% at 6/30/17, net of investment expenses 2.85% at 6/30/16 bond buyer 20 index
Expected Long-Term Rate on Return on Investments	6.75% at 6/30/17, net of investment expenses N/A at 6/30/16
General Inflation	2.75% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16
Salary Increases	3% aggregate; merit CalPERS 1997-2011 experience study
Medical Trend	Non-Medicare rate of 7.5% and Medicare rate of 6.5% for 2018, decreasing to 4.0% in 2076 and later years
Dental and Vision Trend	3.50%
Participation at Retirement	95% of eligible retirees participate in medical, dental and vision
Spouse Coverage	80% of future retirees elect dual coverage

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

**Net OPEB Obligation (Continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITS	8.00%	3.76%
	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75 percent, based on CERBT Strategy 1 investment policy. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Change in Net OPEB Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (June 30, 2016 Measurement Date)	\$ 14,494,849	\$ -	\$ 14,494,849
Changes recognized for the measurement period:			
Service cost	683,520	-	683,520
Interest on the total OPEB liability	428,490	-	428,490
Changes of assumption	(7,209,389)	-	(7,209,389)
Benefits payments	(287,245)	-	(287,245)
Net Changes during July 1, 2017 to June 30, 2018	(6,384,624)	-	(6,384,624)
Balance at June 30, 2018 (June 30, 2017 Measurement Date)	\$ 8,110,225	\$ -	\$ 8,110,225

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)**

**Change in Net OPEB Liability (Continued)**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

Plan's Net OPEB Liability (Asset)		
Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
\$ 9,397,229	\$ 8,110,225	\$ 7,068,402

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

Plan's Net OPEB Liability (Asset)		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 9,397,229	\$ 8,110,225	\$ 7,068,402

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$397,342. As of fiscal year ended June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ -	\$ 6,390,140
Employer contributions made subsequent to the measurement date	1,886,883	-
Total	\$ 1,886,883	\$ 6,390,140

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average service life. The expected average remaining service life is 8.9 years, which was determined as of June 30, 2016, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

**Note 8 – Net Other Post-Employment Benefits Obligation (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The \$1,886,883 reported as deferred outflows of resources related to OPBE resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ (819,249)
2020	(819,249)
2021	(819,249)
2022	(819,249)
2023	(819,249)
Thereafter	(2,293,895)
	<u>\$ (6,390,140)</u>

**Note 9 – Net Investment in Capital Assets**

Net investment in capital assets as of January 31, 2019 was as follows:

Description	
Capital assets, net	\$ 117,258,350
Water participation rights	7,207,605
Loss on debt refunding	187,988
Capital related debt:	
Bonds payable - current	(410,000)
Bonds payable - noncurrent	(20,630,000)
Bond premium	(1,133,070)
Contracts payable - current	(468,554)
Contracts payable - noncurrent	(6,752,109)
Net investment in capital assets	<u>\$ 95,260,210</u>

**Note 10 – Commitments and Contingencies**

**Construction Contracts**

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Seven Months Ended January 31, 2019**

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**Note 10 – Commitments and Contingencies (Continued)**

**Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District has estimated an aggregate contingent liability related to various claims and litigations in the amount of \$438,970. The contingent liability is periodically adjusted as additional information becomes available affecting management's estimate. Actual claims and settlements paid will likely differ from this amount.

**Note 11 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At January 31, 2019, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$5,000,000 per occurrence. The JPIA purchases additional excess coverage layers: \$60 million per occurrence for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Public employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$500 million per occurrence, subject to a \$2,500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. Coverage is through the Special Districts Risk Management Authority.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the last three years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2018, 2017 and 2016, other than an estimated contingent liability for various litigation, as described in Note 10.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**West Valley Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios**  
**January 31, 2019**

Last Ten Fiscal Years<sup>1</sup>

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan**

Measurement period ended	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability/(Asset)	0.1485%	0.1447%	0.1608%	0.1773%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,854,618	\$ 5,025,330	\$ 4,411,991	\$ 4,381,344
District's Covered Payroll	\$ 5,443,095	\$ 4,320,078	\$ 3,985,522	\$ 3,776,382
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered Payroll	107.56%	116.32%	110.70%	116.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.53%	78.61%	78.40%	79.82%

<sup>1</sup> Historical information is presented for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

**West Valley Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the Contributions**  
**For the Seven Months Ended January 31, 2019**

Last Ten Fiscal Years<sup>1</sup>

**California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan**

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	\$ 715,005	\$ 628,828	\$ 658,011	\$ 608,372	\$ 563,394
Contribution in relation to the actuarially determined contribution	(715,005)	(628,828)	(1,272,291)	(608,372)	(563,394)
Contribution deficiency (excess)	\$ -	\$ -	\$ (614,280)	\$ -	\$ -
Covered payroll	\$ 6,059,920	\$ 5,443,095	\$ 4,320,078	\$ 3,985,522	\$ 3,776,382
Contribution as a percentage of covered payroll	11.80%	11.55%	29.45%	15.26%	14.92%

<sup>1</sup> Historical information is presented for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

**Notes to Schedule:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

**Changes of Assumptions:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

**West Valley Water District  
Required Supplementary Information (Unaudited)  
Schedule of Changes in Total OPEB Liability and Related Ratios  
January 31, 2019**

---

Last Ten Fiscal Years <sup>1</sup>

**Other Postemployment Benefits ("OPEB") Plan**

	2016-17
Measurement period	
<b>Total OPEB liability</b>	
Service cost	\$ 683,520
Interest	428,490
Changes of assumptions	(7,209,389)
Benefit payments	(287,245)
<b>Net change in total OPEB liability</b>	(6,384,624)
<b>Total OPEB liability - beginning of the year</b>	14,494,849
<b>Total OPEB liability - end of the year</b>	\$ 8,110,225
<b>Covered payroll</b>	\$ 6,831,331
Plan net OPEB liability as a percentage of covered payroll	118.72%

<sup>1</sup> Historical information is presented for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

**Notes to Schedule:**

Changes in assumptions: None

**West Valley Water District  
Required Supplementary Information (Unaudited)  
Schedule of the Contributions  
For the Seven Months Ended January 31, 2019**

---

Last Ten Fiscal Years <sup>1</sup>

**Other Postemployment Benefits ("OPEB") Plan**

	2017-18 <sup>1</sup>
Fiscal year	
Actuarially determined contribution	\$ 869,006
Contribution in relation to the actuarially determined contribution	(1,150,225)
Contribution deficiency (excess)	\$ (281,219)
Covered payroll	6,831,331
Contribution as a percentage of covered payroll	16.84%

<sup>1</sup> Historical information is presented for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

**Notes to Schedule:**

Valuation date June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization Period	Initial unfunded liability amortized over fixed 20 years from July 1, 2016
Asset valuation method	N/A
Discount rate	6.75%
General inflation	2.75%
Medical trend	Non-Medicare - 7.5% for 2018, decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare - 6.5% for 2018, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Mortality improvement	Mortality projected fully generational with Scale MP-16.

# **West Valley Water District**

Rialto, California

## **Matters of Internal Control**

*For the Seven Month Ended January 31, 2019*



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**West Valley Water District  
Matters on Internal Control  
For the Seven Months Ended January 31, 2019**

**Table of Contents**

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	<u>Page</u>
<b>Independent Auditors' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of the Financial Statements Performance In Accordance with <i>Government Auditing Standards</i> .....</b>	<b>1</b>
<b>Material Weakness:</b>	
Findings 2019-001 - Accounting Manual .....	3
Findings 2019-002 - Lack of Segregation of Duties in the Accounting Systems .....	4
Findings 2019-003 - Contract Management .....	6
<b>Significant Deficiencies:</b>	
Findings 2019-004 - Excessive Increase in Pay Rate from Internal Promotion .....	8
Findings 2019-005 - Internal Control over Inventory .....	9
Findings 2019-006 - Credit Balance from Colton Public Utilities .....	10
<b>Status of Prior Year Findings .....</b>	<b>11</b>



**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***

**Independent Auditors' Report**

To the Board of Directors  
of the West Valley Water District  
Rialto, California

We have audited the financial statements of the West Valley Water District ("District"), which comprise the statement of net position as of January 31, 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the seven month then ended, and the related notes to financial statements and have issued our report dated August 19, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying letter as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany letter as items 2019-004, 2019-005 and 2019-006 to be significant deficiencies.



To the Board of Directors  
of the West Valley Water District  
Rialto, California  
Page 2

### **Compliance and Other Matters**

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

### **District's Response to Findings**

District's response to the findings identified in our audit is described in the accompanying letter. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Santa Ana, California  
August 19, 2019

**West Valley Water District  
Matters on Internal Control  
For the Seven Months Ended January 31, 2019**

---

**Finding 2019-001      Accounting Manual (Material Weakness)**

**Condition:**

During the performance of our audit, we noted that the District does not have an updated policies and procedures manual (accounting manual) which would define personnel roles and responsibilities, describe appropriate procedures for recording significant transactions in finance and accounting systems, define and set procedures for management oversight and review, establish key internal controls, and ensure accounting and reporting requirements established by GAAP are followed.

**Criteria:**

Pursuant to the Standards for Internal Control, Principle 12 – Implement Control Activities, management should implement control activities through policies.

An accounting manual would aid the Finance Department and the District in providing training for accounting personnel, communicating and providing a source of reference to approved policies, and maintaining consistency of recording financial transactions.

Communication is an essential component of a comprehensive framework of internal controls. One method of communication that is particularly effective for controls over accounting and financial reporting is the formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency. The resulting documentation can also serve as a useful training tool for staff.

**Cause:**

Significant turnover of its Chief Financial Officer Position caused delay in preparing a comprehensive accounting manual.

**Effect:**

Without the accounting manual, personnel responsible for the daily work and transactions do not have a clear understanding of their role and responsibilities or the accounting standards applicable to their function. In addition, the absence of standardized procedures has and will create inefficient and inconsistent processing of transactions. Absent clear guidance, delays in financial reporting occur, as staff is unaware of where to find the answers.

**Recommendation:**

We recommend that the District develop a comprehensive accounting manual that would set the guidelines for recording significant transactions in the general ledger. In addition, management should consider developing an accounting manual which includes at a minimum:

- Descriptions of functions each position performs
- Specific duties and responsibilities (desk procedures)
- Minimum required qualifications or standards
- Board/Management approved policies relating to specific transactions
- Procedures for processing of specific financial activities
- Appropriate monitoring and review controls

**Management Response:**

Management recognizes the importance of a policies and procedures manual. Upon hiring a new Chief Financial Officer, one of their immediate tasks will be to produce such a manual.

**West Valley Water District  
Matters on Internal Control (Continued)  
For the Seven Months Ended January 31, 2019**

---

**Finding 2019-002      Lack of Segregation of Duties in the Accounting Systems (Material Weakness)**

**Condition:**

During our audit, we noted management of the District retains the non-purchasing access right in the accounting system for an employee who used to work in the Accounting Department, but has since been transferred to the Purchasing Department (Asset Manager). We reviewed the users' access rights list, and noted the employee still has administrative access to the following modules that are outside of the purchasing function: accounting, cash receipt, accounts receivable, accounts payable.

In addition, the Executive Assistant is given the same access rights as the Purchasing Supervisor. The Executive Assistant would be able to approve purchase orders and purchase requisitions.

A serious lack of segregation of duties was noted in the accounting system. Purchasing staff have access to accounting, cash receipt, account receivable, accounts payable as well as purchasing. In addition, all vendor invoices are to be received in the Purchasing department and Purchasing department staff are responsible for obtaining department head signatures, ensure proper account coding, match up packing slips with the invoice and purchase order. The invoice packet is routed to the Accounting department where the accounts payable staff enters and processes the invoices.

We have also reviewed the assessment of the District's Finance Department performed by MV Cheng and Associates regarding the Department's administration, organizational structure, systems and finance operations, and reporting practices and concur with the findings as follows:

- Ineffective policies and procedures relating to internal controls, segregation of duties and daily functions.
- Lack of experienced leadership in the Accounting/Finance department.
- Poor and inconsistent communication within the departmental staff and management.
- Limited staff resources to support functional needs/tasks.
- Fiscal policies are not maintained in a central location. Finance and management staff could not locate key policies (e.g., capital asset management, debt and investment and risk management).
- Checks requiring two signatures are usually slow to obtain signature and mail.
- Inconsistent purchasing and contract requirement, that creates confusion amongst accounting staff.
- Lack of internal audit function, which can be very useful for the District. It helps the District accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Purchasing forms are not consistent with policy.
- Purchasing policy is unclear and challenging to comply with. In addition, the policy is confusing on approval of purchases.
- Invoices are being sent to several locations which is difficult to track and process.
- Establishing, approving and processing of vendors and vendor invoices are challenging and not efficiently managed.
- Purchase orders are issued without an approved and executed contract.
- W-9s are not completed for all vendors timely.
- Payroll function should be in a secured location, currently payroll is in an unsecured location accessible to anyone.

**West Valley Water District**  
**Matters on Internal Control (Continued)**  
**For the Seven Months Ended January 31, 2019**

---

**Finding 2019-002 Lack of Segregation of Duties in the Accounting Systems (Material Weakness)  
(Continued)**

**Criteria:**

Pursuant to the Standards for Internal Control, Principle 11 – Design Activities for the Information System, management should design control activities for security management of the entity’s information system. Security management includes the information processes and control activities related to access rights in an entity’s information technology, including who has the ability to execute, track and record transactions.

**Cause:**

Significant turnover of the Chief Financial Officer Position caused delay in implementing controls in the accounting system.

**Effect:**

The lack of proper segregation of duties may lead to improper approval and record of transactions, and financial statement misstatements.

**Recommendation:**

We recommend the District to perform a Comprehensive Risk Assessment and risk profile for all significant transaction classes, including but not limited to, the following:

- Financial Reporting and Journal Entries Process
- Revenues, Receivable, and Cash Receipts Function
- Purchasing, Payable, and Cash Disbursement Function
- Payroll and Human Resources Function
- Capital Assets Management
- Long-Term Debt Administration
- Information Technology and Security

Once the District understands its own risk appetite, proper controls should be put in place to mitigate those risks identified in the Comprehensive Risk Assessment process.

**Management Response:**

Management recognizes the importance of segregation of duties and good internal controls. A complete assessment will be performed by the new Chief Financial Officer and the appropriate changes will be made to ensure proper segregation of duties and internal control are present in our operations.

**West Valley Water District  
Matters on Internal Control (Continued)  
For the Seven Months Ended January 31, 2019**

---

**Finding 2019-003      Contract Management (Material Weakness)**

**Condition:**

We noted the following contracts with internal control deficiencies:

**Aerotek Contract**

During our audit, we noted the District entered into a service agreement with Aerotek on December 13, 2018. The contract was approved by the management for an amount not to exceed \$25,000. Aerotek billed the District on a weekly basis. By January 26, 2019, Aerotek has exceeded the original contract amount of \$25,000 and the District allowed Aertotek to continue the work without a contract.

On March 13, 2019, an additional \$25,000 was approved by the Board; however, this amount still did not cover all the billings that were presented to the District.

On March 21, 2019, the District increased the Budget for an additional \$75,000 to cover this contract.

**Rob Katherman Contracts**

During the audit, we noted that the contracts entered into with Rob Katherman dated June 2018 and March 2019 were not signed by the District. In addition, the contract dated June 2018 does not have a “total not to exceed amount”.

For the period from May 1, 2018 to January 31, 2019, the total amount incurred and paid to Rob Katherman was \$55,394.56. However, the District paid \$22,049 to Rob Katherman without an authorized purchasing order.

Because of the lack of policies and procedures over purchasing, the District does not have sufficient monitoring and risk assessment control to prevent and detect unauthorized purchases.

**Criteria:**

Management is responsible for establishing sound internal controls over the procurement process and contract management.

**Cause:**

The District did not follow the District purchasing policy and also did not have adequate monitoring control over its contract management. A change order was not approved by the Board of Directors before the contract amount was exceeded.

**Effect:**

Inadequate internal control over contract management may lead to unauthorized transactions and misstatements in the financial statement.

**West Valley Water District  
Matters on Internal Control (Continued)  
For the Seven Months Ended January 31, 2019**

---

**Finding 2019-003      Contract Management (Material Weakness) (Continued)**

**Recommendation:**

The District should establish and follow policies and procedures for budgeting, preparing its financial statements at the end of each fiscal year, and approving expenditures based on the GFOA guidelines and other best practices.

The District's procurement policies and procedures were last adopted in October 2016. To ensure that the District complies with its purchasing policy, the District should immediately develop and implement procedures for staff to obtain and document the required approval from the General Manager or the Board before committing District resources. Beginning immediately, the General Manager should also report to the Board on a regular basis for all purchases that only require approval from the General Manager. General Manager should report this type of purchases to the Board prior to making any new purchases.

**Management Response:**

Management agrees there needs to be better controls over its purchasing and contract management. Policies and procedures, along with the purchasing policy purchase limits must be adhered to.

**West Valley Water District  
Matters on Internal Control (Continued)  
For the Seven Months Ended January 31, 2019**

---

**Finding 2019-004      Excessive Increase in Pay Rate from Internal Promotion (Significant Deficiency)**

**Condition:**

During the walkthrough of the District's payroll process, we noted a new employee was hired as Customer Service Representative III in August 2018. The employee was internally promoted to a management position (Water Resources Manager) in November 2018. For this internal promotion, the employee received a pay rate increase of 41.48% from \$31.92 per hour (Range 32 Step 15 for Customer Service Representative III) to \$45.16 per hour (Range 52 Step 8 for Water Resources Manager).

Per the salary schedule effective October 1, 2018, the position of Water Resource Manager has a minimum annual salary of \$79,165 (\$38.06 per hour) and a maximum annual salary of \$111,405 (\$53.56 per hour).

While reviewing the file of this employee, we only found a memo signed by the General Manager as a justification of this promotion.

**Criteria:**

Pursuant to the District's Human Resources Policies and Practices Manual (effective April 19, 2018), Article 3 – Recruitment Process, Hiring, and Employment, Section 305 *Internal Promotion*, an employee promoted to a higher position will receive the minimum salary for the higher position or at least a 5% increase above the employee's former position, whichever is higher, provided the increase is within the range of the higher position.

**Cause:**

The District approved an excessive increase (41.48%) in pay rate to an employee who was promoted internally. The employee was promoted to Step 8 at the new position.

**Effect:**

Although the new pay rate for the internally promoted employee falls within the range prescribed by the Human Resources Policies and Practices Manual, management should be prudent in determining the step the employee should be promoted to at the new position.

**Recommendation:**

We recommend the District develop a promotion protocol. A promotion protocol should include the following at a minimum:

- Posting New Jobs and Vacancies
- Selection of Potential Candidates
- Interview Qualified Candidates by a Interview Panel
- Rate Candidate's Qualifications and Interview Performance
- Selection of the Finalist

By following this protocol, a basis of the promotion is justified and will reduce any resentment and challenges from other District's employees.

**Management Response:**

While management followed the proper protocol per the Human Resources Policies and Practices Manual, we will be more cognizant of the appearance of such promotions. Hence, management will perform the necessary steps to ensure all qualified candidates receive a fair and transparent process prior to receiving a promotion.

**West Valley Water District**  
**Matters on Internal Control (Continued)**  
**For the Seven Months Ended January 31, 2019**

---

**Finding 2019-005      Internal Control over Inventory (Significant Deficiency)**

**Condition:**

During our audit, we noted the District did not have an internal control system in place to accurately monitor inventory usage. The majority of the employees in the Engineering/Operations Department can access the inventory warehouse with an assigned key fob. Inventory taken by employees to be used in District projects are not tracked systematically.

**Criteria:**

Pursuant to the Standards for Internal Control, Principle 10 – Design Control Activities, management should design appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. Control activities include physical control over vulnerable assets, access restrictions to and accountability for resources and records, appropriate documentation of transactions and internal control.

Pursuant to the Standards for Internal Control, Principle 18 – Assess Fraud Risk, management should consider the potential for fraud when identifying, analyzing, and responding to risks. Fraud includes misappropriation of assets.

**Cause:**

The District did not have adequate internal control over physical inventory.

**Effect:**

Inadequate internal control over inventory may lead to unauthorized usage of inventory and misstatements in the financial statement. In addition, the lack of controls over physical inventory provides an opportunity for misappropriation of assets.

**Recommendation:**

We recommend the District to strengthen its control over inventory.

**Management Response:**

Management agrees there needs to be better controls over the access of the inventory room as well as tracking the inventory. A new tracking system called Maximo will be implemented in the near future and physical access will be restricted to those only needing to access the inventory room.



**West Valley Water District  
Matters on Internal Control (Continued)  
For the Seven Months Ended January 31, 2019**

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**Finding 2019-006      Credit Balance from Colton Public Utilities (Significant Deficiency)**

**Condition:**

During the seven months period, we noted that there was a credit balance for the City of Colton Public Utilities. A letter dated October 20, 2016 was sent by the City of Colton explaining the District was incorrectly billed and charged due to "Time of Use Billing Errors" for five cycles from May 2016 to October 2016. The amount overcharged was \$127,883.

The District made payments to the City of Colton Public Utilities during the period from March 2018 to November 2018 regardless of the credit balance remaining. The District has allowed the credit balance to exist for a long period of time.

In addition, we noted that the Supervisor of Operations did not verify and account for the water consumption used before bills are paid to the City of Colton Public Utilities.

The District finally requested the City of Colton Public Utilities refund the remaining credit balance and on January 24, 2019, the District received a refund check in the amount of \$95,939 (net of charges between October 2016 to November 2018).

Because of the lack of policies and procedures, the District does not have sufficient monitoring and risk assessment control to prevent and detect overpayments.

**Criteria:**

Management is responsible for establishing sound internal controls over accounts payable process.

**Cause:**

The District did not have adequate monitoring control over its payments to the City of Colton Public Utilities resulting an overpayment of water consumed.

**Effect:**

Inadequate internal control over accounts payable may lead to overpayment of goods and services and misstatements in the financial statement.

**Recommendation:**

The District should establish and follow policies and procedures over the account payable cycle and provide training to operation staff.

**Management Response:**

Management agrees the District staff needs to be more cognizant in reviewing and verifying the invoices to be paid. More training and supervision will be given to the District staff.

**West Valley Water District  
Matters on Internal Control (Continued)  
For the Seven Months Ended January 31, 2019**

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**Status of Prior Year Findings:**

No findings were noted by the predecessor auditors for the Year Ended June 30, 2018.



**TAFOYA LAW  
GROUP, APC**

316 W. 2nd St. • Suite 1000  
Los Angeles, CA 90012  
Office 213.617.0600 • Fax 213.617.2226

**Statement No.: 19-005**

**Date:** May 2019

**Billing Period:** May, 2019-May 31, 2019

*Bill to:* West Valley Water District  
855 West Base Line Road  
Rialto, California 92376

***PROFESSIONAL SERVICES***

<b>Total Fees for May 2019:</b>	<b>\$ 28,440.00</b>
<b>Total Costs for May 2019:</b>	<b>\$ <u>231.60</u></b>
<b>Total for May 2019:</b>	<b>\$ 28,671.60</b>



**TAFOYA LAW**  
**GROUP, APC**

316 W. 2nd St. • Suite 1000  
 Los Angeles, CA 90012  
 Office 213.617.0600 • Fax 213.617.2226

**Statement No.: 19-006**

**Date:** June 2019

**Billing Period:** June 1, 2019-June 30, 2019

*Bill to:* West Valley Water District  
 855 West Base Line Road  
 Rialto, California 92376

***PROFESSIONAL SERVICES***

<b>Total Fees for June 2019:</b>	\$ 26,781.00
<b>Total Costs for June 2019:</b>	\$ <u>88.40</u>
<b>Total for June 2019:</b>	\$ 26,869.40

**LEAL & TREJO**  
ATTORNEYS AT LAW  
A PROFESSIONAL CORPORATION

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July 31, 2019

Roberto Manuel Nacionales Tafoya  
General Counsel  
West Valley Water District  
316 W. 2<sup>nd</sup> Street Suite 1000  
Los Angeles, CA 90012

**Re: Professional Services Rendered through May 2019 for  
West Valley Water District -- General Legal matters.**

Dear Mr. Tafoya:

Enclosed is the statements for general legal services rendered by Leal & Trejo APC under our agreement for services with the Water District. Please find below a summary of the statements submitted to you for review and payment.

<b>General</b>	<b>Inv. No. 17538</b>	<b>\$ 6,440.00</b>
----------------	-----------------------	--------------------

Kindly make your check payable to Leal & Trejo APC, forwarding the same directly to the undersigned. Should you have any questions, please feel free to contact our office.

Very truly yours,  
LEAL & TREJO APC

  
H. Francisco Leal

HFL/meg  
Enclosures

**ALBRIGHT, YEE & SCHMIT, APC**888 W. 6TH STREET, 14<sup>TH</sup> FLOOR

LOS ANGELES, CALIFORNIA 90017

TEL.: (213) 833-1700

FAX: (213) 833-1710

WWW.AYSLAW.COM

Law Firm's Statement #102

Date: 08/16/2019

West Valley Water District  
 855 West Base Line Road  
 Rialto, California 92377

<b>Invoice no.</b>	<b>Description</b>	<b>Amount Due</b>
26014	WVWD-Logue Matter [July 2019]	\$18,604.59
26013	WVWD- Litchfield [July 2019]	\$3,657.68
26015	WVWD-Terrorist Threats Investigation [July 2019]	\$16,594.50
	<b>TOTAL</b>	<b>\$22,112.77</b>

**Due upon Receipt.**

**Make check payable to: ALBRIGHT, YEE & SCHMIT, APC**

**We also accept payment by credit card. Please contact our office for a credit card authorization: (213) 833-1700 ext. 228.**

*Taxpayer ID # 37-1779958*