



RUNNING SPRINGS WATER DISTRICT  
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206  
Running Springs, CA 92382

TO: BOARD OF DIRECTORS                      DATE POSTED:                      NOVEMBER 9, 2017

RE: REGULAR BOARD MEETING                      FROM:                      BOARD SECRETARY

The Regular Meeting of the Board of Directors of the Running Springs Water District will be held on Wednesday, November 15, 2017, at the hour of 9:00 A.M. at the District Office located at 31242 Hilltop Boulevard, Running Springs, California. This agenda was posted prior to 5:00pm on November 9, 2017 at the Running Springs Water District Office and Website.

The Board may take action on any item on the agenda, whether listed as an action item or as an information item.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Joan C. Eaton, Board Secretary at (909) 867-2766 at least 48 hours before the meeting, if possible.

Copies of documents provided to members of the Board for discussion in open session may be obtained from the District at the address indicated above.

**AGENDA**

1. Call Meeting to Order and Pledge of Allegiance
2. Recognize and Hear from Visitors / Public Comment - This portion of the agenda is reserved for the public to make comments on matters within the jurisdiction of the Running Springs Water District that are **not on the agenda**. The Board, except to refer the matter to staff and/or place it on a future agenda, may take no action. It is in the best interest of the person speaking to the Board to be concise and to the point. A time limit of five minutes per individual will be allowed. Any person wishing to comment on an item that is on the agenda is requested to complete a request to speak form prior to the item being called for consideration or to raise their hand and be recognized by the Board President.
3. Approval of Consent Items – The following consent items are expected to be routine and non-controversial and will be acted on at one time without discussion unless an item is withdrawn by a Board Member for questions or discussion. Any person wishing to speak on the consent agenda may do so by raising his/her hand and being recognized by the Board President.

A. Approve Meeting Minutes

**Page 4**

- B. Ratify Expenditures and Cash Summary **Page 8**
- C. Consider Receiving and Filing the Assessment District No. 10 Continuing Disclosure Annual Report for the Fiscal Year Ending June 30, 2017 **Page 15**
- 4. Action Items – The following action items will be considered individually and each **require a motion** by the Board of Directors for action.
  - A. Consider Receiving, Filing and Authorizing the Distribution of the District’s Fiscal Year 2016-2017 Annual Financial Report and Audit Results **Page 24**  
(Presenter: Van Lant & Fankhanel)
  - B. Financial Presentation **N/A**  
(Presenter: RAMS)
  - C. Consider Appointing Ad Hoc Committee to Review Proposed Trails Project for the Running Springs (Hilltop) Area **N/A**  
(Presenter: Ryan Gross, General Manager)
  - D. Consider Authorizing Purchase of Replacement Fire Chief Vehicle **Page 123**  
(Presenter: George Corley, Fire Chief)
  - E. Consider Authorizing Expenditure for Replacement Sidewinder Canyon Groundwater Booster Pump & Motor **Page 128**  
(Presenter: Randy Bobroff, Water Division Supervisor)
- 5. Information Items – The following information items do not require any action by the Board of Directors and are for informational purposes only.
  - A. Water Production & Precipitation Report **Page 138**
  - B. November 2017 Newsletter **Page 140**
- 6. Closed Session
  - A. Conference With Legal Counsel – Anticipated Litigation. Significant Exposure to litigation pursuant to Paragraph (2) of subdivision (d) of Section 54956.9. Number of cases: One
- 7. Open Session
  - A. The Board and/or Legal Counsel will report any action taken in closed session.

November 15, 2017 Regular Board Meeting Agenda  
Posted November 9, 2017

8. General Manager's Report
9. Report from Legal Counsel
10. Board Member Comments
11. Meeting Adjournment

Upcoming Meetings: Regular Board Meeting, December 20, 2017 at 9:00 am

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 15, 2017

**TO:** Board of Directors

**FROM:** Joan Eaton, Administration Supervisor, Board Secretary, Treasurer  
Ryan Gross, General Manager

**SUBJECT:** CONSIDER APPROVING MEETING MINUTES

**RECOMMENDATION**

It is recommended that the Board of Directors review and approve the attached meeting minutes.

**REASON FOR RECOMMENDATION**

Approval of meeting minutes.

**BACKGROUND INFORMATION**

The attached draft meeting minutes are from the Regular Board Meeting held on October 18, 2017.

**ATTACHMENTS**

Attachment 1 – Draft Meeting Minutes

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
OCTOBER 18, 2017**

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, October 18, 2017 at the hour of 9:00 A.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following Directors were present:  
Pamella Bennett, Vice-President  
Mike Terry, Director  
Errol Mackzum, Director  
Tony Grabow, Director

President Ken Ayers was absent

Also present were the following:  
Ryan Gross, General Manager  
Joan C. Eaton, Board Secretary/Treasurer/Administration Supervisor  
George Corley, Fire Department Chief  
Piero C. Dallarda, Attorney, Best, Best & Krieger

Visitors Present:  
Gerhard Hilgenfeldt, Running Springs Resident  
Bruce Daniels, Running Springs Resident

**MEETING MINUTES**

**AGENDA ITEMS**

**1. Call Meeting to Order and Pledge of Allegiance**

The meeting was called to order at 9:02 A.M. by Vice-President Bennett and Director Mackzum led the assembly in the pledge of allegiance to the flag.

**2. Recognize and Hear From Visitors/Public Comment**

The visitors were introduced for the record.

**A. Special Presentation by Bruce Daniels**

Mr. Daniels conducted a power point presentation regarding a proposed inter-mountain trail system as part of a tourism and recreation implementation strategy. Mr. Daniels' presentation identified the Running Springs Area as one of the competitive projects.

Director Mackzum expressed concerns with increasing tourism on the mountain saying there are various crisis issues that need to be addressed. Discussion continued and no action was taken.

**3. Approval of Consent Items**

**A. Approve Meeting Minutes**

**B. Ratify Expenditures and Cash Summary**

Upon motion by Director Terry, second by Director Mackzum and carried by a 4 to 0 vote, the Consent Items were approved.

**4. Information Items**

**A. Quarterly Budget/Financial Update**

Manager Gross reported on the Fire Department Reserve Fund Balance with Chief Corley providing information on the Ground Emergency Medical Transportation (GEMT), Out of Area Assignments and Cal Fire Assignment Coverage Revenues. Regarding Fire Department overtime, Manager Gross confirmed the Department is not able to budget for unexpected overtime with Chief Corley saying the Department is receiving approximately 35% to 40% over cost from Cal Fire to staff the engine. Manager Gross provided the District Financial Summary that includes fund balances, net position and liquidity ratio and the quarterly budget report indicating actual revenues and expense for all District Divisions as of September 30, 2017.

**B. Quarterly Investment Report**

The Local Agency Quarterly Investment Report indicates the interest earned for the quarter ending September 30, 2017 was 1.07%.

**5. Closed Session**

**A. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to litigation pursuant to Paragraph (2) of subdivision (d) of Section 54956.9 Number of cases: One**

Upon motion by Director Grabow, second by Director Terry and carried by a 4 to 0 vote, the Board moved to Closed Session at 9:55 A.M. by the following roll call.

Errol Mackzum – Aye  
Pamella Bennett – Aye  
Tony Grabow – Aye  
Mike Terry - Aye

**6. Open Session**

**A. The Board and/or Legal Counsel will report any action taken in Closed Session**

The Board reconvened in open session at 11:35 A.M. and Attorney Dallarda stated the Board met in closed session pursuant to Government Code Section 54956.9 to discuss anticipated litigation and at this time, there was no reportable action from closed session.

**7. General Manager's Report**

Manager Gross reported on water production saying the Ayers Acres Well remains at the twenty (20) gallon per minute range in production.

The Wastewater Treatment Plant staff are working to upgrade the Membrane Bioreactor (MBR) 1 and expect it to be on line the 1<sup>st</sup> week of November. Manager Gross said the Air Quality Management District (AQMD) permit amendment fee was \$4,000.

Manager Gross reported that the Downtown Sewer Slip Lining Project was completed without a hitch.

The Fiscal Year 2016/2017 Audit Presentation will be conducted during the November Board Meeting.

**8. Report From Legal Counsel**

None

**9. Board Member's Comments**

None

**10. Meeting Adjournment**

Upon **motion** by Director Mackzum, **second** by Director Terry and **carried by a 4 to 0 vote**, the meeting was adjourned at 11:37 A.M.

Respectfully Submitted,

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President, Board of Directors  
Running Springs Water District

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Secretary of the Board of Directors  
Running Springs Water District

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 15, 2017  
**TO:** Board of Directors  
**FROM:** Ryan Gross, General Manager  
**SUBJECT:** RATIFY EXPENDITURES

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors review the attached accounts payable check register and ratify the District's October 2017 expenditures.

**REASON FOR RECOMMENDATION**

Each month staff presents the monthly check register and recommends that the Board of Directors ratify the District's expenditures.

**ATTACHMENTS**

Attachment 1 – Accounts Payable Check Register for October 2017  
Attachment 2 – Cash Summary



## Running Springs Water District Accounts Payable Checks October 2017

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Action Automotive Repair Inc	Repair Unit 70	10/02/17	224.56	101109	224.56
	Smog Inspection	10/11/17	62.75	101150	62.75
	Smog Inspection	10/18/17	81.75	101181	427.32
	Check Engine Light Issues	10/18/17	250.57	101181	
	Clutch Pedal Repairs	10/18/17	95.00	101181	
	Brake Work -Durango	10/25/17	352.07	101210	352.07
Airgas Inc.	Argon Industrial 150 CGA	10/11/17	152.98	101151	152.98
	Large Cyl Argon Industrial	10/19/17	42.10	101197	42.10
American Family Life Assurance Company of Colun	Additional Insurance September 2017	10/02/17	616.66	101110	616.66
American Water Works Association	2018 Annual Membership	10/18/17	420.00	101182	420.00
Ameripride Services, Inc	Cleaning Supplies - September 2017	10/11/17	242.16	101152	242.16
Arrowbear Park County Water District	Purchased water September 2017	10/02/17	7,320.40	101111	7,320.40
Best, Best & Krieger LLP	Legal Services	10/18/17	2,313.67	101183	2,313.67
BURR Group Inc.	Trash Service September 17	10/06/17	67.29	101130	244.08
	Trash Service September 2017	10/06/17	176.79	101130	
	Trash Service & Loads	10/11/17	324.54	101153	324.54
California Computer Options Inc	Network Maintenance October 2017	10/02/17	2,375.00	101112	2,375.00
	Desktop Replacement	10/11/17	817.82	101154	817.82
California Fire Chief Association	2017/2018 Annual Member Vasquez	10/18/17	250.00	101184	250.00
California Water Environment Association	Membership 17-18 & Plnt Grd 1 renw	10/11/17	265.00	101155	265.00
	Bobroff Plant Main Grad 1	10/18/17	85.00	101185	255.00
	Borrie Plant Maint Grd 1 Renewal	10/18/17	85.00	101185	
	Davis Plant Maint Grade 1	10/18/17	85.00	101185	
CalPERS	Health Premiums - October 2017	10/02/17	17,579.50	DFT0000604	17,579.50
	Calpers UAL, October 2017	10/12/17	40,117.03	DFT0000609	40,117.03
	Pers Employ Contrib Classic/Peppra	10/13/17	22,163.07	DFT0000610	22,163.07
	Employ Contributions Classic/Preppra 10/23/17	10/27/17	22,093.43	DFT0000615	22,093.43
Canon	Monthly Service/Usage Fee October 2017	10/25/17	741.69	101211	741.69
Carola Houer	Refund for Pymt by Mistake	10/11/17	225.52	101156	225.52
CDCE, Inc	3 Laptops for Ambulances	10/19/17	12,268.85	101198	12,268.85
Charter Communitcations	Telephone & Internet Oct-Nov 17	10/11/17	191.36	101157	191.36
	Telephone/ Internet October 17	10/18/17	665.68	101186	770.65
	Telephone/Internet Oct-Nov 2017	10/18/17	104.97	101186	
Citibank, N.A.	20 gallon water heater for Station 51	10/06/17	419.19	101131	419.19
	Office Supplies for Sept-Oct 2017	10/25/17	57.51	101212	313.23
	STAPLES- OFFICE SUPPLIES	10/25/17	255.72	101212	
Clinical Laboratory of San Bernardino	Treat. Samples for August 2017	10/11/17	1,254.00	101158	4,377.00
	Water Samples- Sept 17	10/11/17	3,123.00	101158	
	Wastewater Samples September 2017	10/25/17	639.00	101213	639.00
County of San Bernardino	Dump Fees for August 17	10/11/17	402.20	101159	402.20
	Dump Fees for Sept. 2017	10/19/17	154.65	101199	154.65
	Parcel Map Changes October 2017	10/25/17	2.00	101214	2.00
Crestline-Lake Arrowhead Water Agency	Purchased Water September 2017	10/02/17	15,523.65	101122	15,523.65
Cypress Ancillary Benefits	Dental Premiums October 2017	10/02/17	1,312.68	101113	1,312.68
DCS Testing & Equipment Inc	Ground Ladder Testing	10/25/17	544.50	101215	544.50

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Dixi Willemse	Reimbursement Claim	10/02/17	417.00	101114	417.00
	Reimbursement Claim	10/11/17	30.53	101160	30.53
	Reimbursement Claim	10/18/17	60.00	101187	60.00
	Reimbursement Claim	10/19/17	1,987.00	101200	2,127.70
	Reimbursement Claim	10/19/17	140.70	101200	
Don's Auto Supply 2 Inc.	Miscellaneous Auto Supplies	10/06/17	78.04	101132	187.29
	Truck Battery	10/06/17	109.25	101132	
Emergency Vehicle Group, Inc	hardware and installation for Gurney remount MA	10/06/17	1,486.34	101133	1,486.34
Federal Express Corporation	Shipping Charges Sept 2017	10/19/17	41.52	101201	41.52
Fire Apparatus Solutions	Annual service and Repairs for E51	10/11/17	9,376.53	101161	10,585.26
	Annual service and Repairs for E51	10/11/17	1,208.73	101161	
Fire Fighters Association	Association Dues October 2017	10/25/17	370.00	101216	370.00
Fischle Instant Printing	Corley/Vasquez -Business Cards	10/25/17	64.65	101217	64.65
Frontier Communications	Telephone Sept-Oct 17	10/06/17	55.31	101134	165.09
	Telephone Sept-Oct 17	10/06/17	54.89	101134	
	Telephone September 2017	10/06/17	54.89	101134	
	Telephone October 17	10/11/17	52.22	101162	52.22
	Telephone for October 2017	10/19/17	144.79	101202	144.79
	Telephone for Oct-Nov 2017	10/25/17	52.22	101218	336.41
	SCADA Line Oct-Nov 2017	10/25/17	101.87	101218	
	Telephone Oct-Nov 17	10/25/17	71.94	101218	
	Telephone Oct-Nov 2017	10/25/17	55.20	101218	
	Telephone Oct-Nov 2017	10/25/17	55.18	101218	
Garage Door Kings	Door Motor Repair	10/11/17	125.00	101163	125.00
George Corley	Reimbursement Claim	10/11/17	377.04	101164	377.04
Harrington Industrial Plastics LLC	PVC parts for MBR 1 upgrade	10/02/17	2,999.96	101115	3,015.81
	PVC parts for MBR 1 upgrade	10/02/17	15.85	101115	
	PVC parts for MBR 1 upgrade	10/06/17	9,922.91	101135	9,922.91
	PVC Ball valve parts	10/25/17	165.58	101219	165.58
Haz Mat Trans, Inc.	Work Order #83771	10/11/17	700.00	101165	700.00
	Work Order # 83971	10/19/17	700.00	101203	700.00
Herc Rentals Inc.	Crane Rental for MBR 1 Upgrade	10/18/17	5,646.85	101188	6,702.02
	Crane Rental for MBR 1 Upgrade	10/18/17	1,055.17	101188	
Hi-Desert Publishing Co. Inc.-BB Grizzly	Weed Abatement legal ad for contractors	10/06/17	137.02	101136	137.02
Houston & Harris PCS, Inc.	AD 7 line cleaning and video	10/02/17	35,013.52	101116	36,543.52
	emergency back up	10/02/17	1,530.00	101116	
Hub Construction Specialties, Inc	Asphalt Cutter & Measure wheel	10/06/17	417.97	101137	295.13
	Asphalt Cutter	10/06/17	-122.84	101137	
Inland Desert Security & Communications	Answering Service for October 2017	10/25/17	100.20	101220	100.20
Inland Water Works Supply Company	Water Inventory	10/06/17	517.20	101138	752.10
	Water Inventory	10/06/17	234.90	101138	
Jeff Kawell	Crane service for treatment plant upgrade	10/19/17	560.00	101204	560.00
Joan Eaton	Reimbursement Claim	10/25/17	600.00	101221	600.00
Kenneth Ayers	Reimbursement for SDRMA Conference	10/06/17	1,670.28	101139	1,670.28
Leslie's Poolmart, Inc	NaOCl for MBR cleanings	10/18/17	874.92	101189	874.92
Life-Assist, Inc	Medical Supplies	10/02/17	14.80	101117	14.80
	Medical Supplies	10/25/17	1,227.63	101222	1,227.63
Lincoln National Life Insurance Company	Life Insurance Prem October 2017	10/02/17	1,254.00	101123	1,254.00
Linda Mayfield	Reimbursement Claim	10/19/17	494.17	101205	494.17
MCI	Long Distance for September 17	10/11/17	47.18	101166	47.18

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
McMaster-Carr Supply Company	Stud Anchor for Concrete	10/11/17	58.88	101167	172.68
	Stud Anchor for Concrete	10/11/17	58.88	101167	
	Stainless Steel Socket Screws & Washers	10/11/17	54.92	101167	
Metropolitan Life Insurance Company	Vision Insurance Premiums Oct 17	10/02/17	166.75	101118	166.75
Myers-Stevens & Toohey Co. Inc	Disability Insurance Premium Sept 2017	10/25/17	180.25	101223	180.25
NAPA Auto Parts	Miscellaneous Auto Supples	10/06/17	52.19	101140	52.19
	Miscellaneous Auto Parts Sept 17	10/11/17	162.03	101168	162.03
Neofunds By Neopost	Postage Meter Funds 9/12/17	10/25/17	2,000.00	101224	2,000.00
Neopost USA Inc	Lease Pmt Post Mach Oct 17-Jan -18	10/02/17	385.58	101119	385.58
Nestle Waters North America	Drinking Water for Treat Plant	10/11/17	46.33	101169	46.33
Norlab Inc.	sewer tracing dye	10/06/17	234.00	101141	234.00
Northern Safety Company Inc.	Fall Protection Lifeline	10/02/17	616.92	101124	616.92
Nuckles Oil Company, Inc	Diesel Fuel Order	10/19/17	3,370.61	101206	3,370.61
One Stop Landscape Supply	Bio Solids Disposal September	10/06/17	2,338.20	101142	2,338.20
Ovivo USA, LLC	MPE 50 for MBR 2 during MBR 1 upgrade	10/06/17	7,325.03	101143	7,325.03
Patricia A. Monical	Cleaning Supplies	10/11/17	56.00	101170	56.00
Peerless Maintenance Service Inc.	Janitorial Service September 17	10/02/17	485.00	101120	485.00
	Janitorial Service October 2017	10/25/17	485.00	101225	485.00
PennWell Corporation	2017/2018 Subscription	10/25/17	59.00	101226	59.00
Petty Cash	Petty cash Reimbursement	10/18/17	95.57	101190	95.57
Phillips Steel Company	Material for OV960 MBR 1 Upgrade Stainless Steel	10/18/17	11,592.27	101191	11,592.27
Polydyne Inc.	Blanket PO for Polymer	10/18/17	1,066.73	101192	1,066.73
Reliable Water Solutions, LLC	Transducer for Metering manhole	10/19/17	2,479.20	101207	2,479.20
Reliance Standard Life Insurance Company	Life, AD&D Insurance Binder	10/06/17	1,179.31	101149	1,179.31
Rim Forest Lumber Company, Inc.	Snap Rse and Male Thd Aerator	10/02/17	23.87	101125	23.87
Robert Aberg	Reimbursement Claim	10/19/17	85.00	101208	85.00
Roger E. Fox, M.D.	Dot Exam	10/11/17	50.00	101171	50.00
San Bernardino County Special Districts Department	Special Districts Meeting Oct 17	10/06/17	35.00	101145	35.00
Scott Equipment	Tractor Cable	10/18/17	262.05	101193	262.05
Shawn Garvin	Req Training Reimbursement	10/18/17	150.00	101194	150.00
Southern California Edison Company	Electricity September 2017	10/02/17	65.79	101121	4,268.29
	Electricity September 2017	10/02/17	30.18	101121	
	Electricity September 2017	10/02/17	118.79	101121	
	Electricity September 2017	10/02/17	725.62	101121	
	Electricity September 2017	10/02/17	627.93	101121	
	Electricity September 2017	10/02/17	463.30	101121	
	Electricity Sept 2017	10/02/17	141.93	101121	
	Electricity September 2017	10/02/17	1,751.11	101121	
	Electricity	10/02/17	99.67	101121	
	Electricity September 2017	10/02/17	243.97	101121	
	Electricity September 2017	10/02/17	27.12	101126	1,250.29
	Electricity September 2017	10/02/17	332.06	101126	
	Electricity September 2017	10/02/17	117.57	101126	
	Electricity September 2017	10/02/17	225.21	101126	
	Electricity September 2017	10/02/17	548.33	101126	
	Electricity Sept 2017	10/06/17	311.01	101146	3,679.72
	Electricity September 2017	10/06/17	1,465.61	101146	
	Electricity - September 2017	10/06/17	165.53	101146	
	Electricity Sept 2017	10/06/17	477.74	101146	
	Electricity Sept 2017	10/06/17	80.68	101146	

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Southern California Edison Company	Electricity- Sept 2017	10/06/17	83.14	101146	3,679.72
	Electricity September 17	10/06/17	228.51	101146	
	Electricity- Sept 2017	10/06/17	29.13	101146	
	Electricity Sept 2017	10/06/17	328.67	101146	
	Electricity- September 2017	10/06/17	509.70	101146	
	Electricity September 2017	10/11/17	177.54	101172	6,734.71
	Electricity September 2017	10/11/17	10.66	101172	
	Electricity September 2017	10/11/17	6,546.51	101172	
Southern California Gas Company	Gas Usage for September 2017	10/06/17	35.04	101147	94.96
	Gas Usage for September 2017	10/06/17	59.92	101147	
	Gas Usage for Sept 2017	10/11/17	44.24	101173	149.27
	Gas Usage September 2017	10/11/17	16.70	101173	
	Gas Usage Sept 2017	10/11/17	88.33	101173	
State of California - State Water Resource Control	Water Treatment Cert Renewal for 2017-2018	10/25/17	60.00	101227	60.00
Terminix International Company LP	Pest Control	10/11/17	45.00	101174	45.00
	Pest Control 10/12/17	10/25/17	45.00	101228	45.00
Trevor Miller	Reimbursement Claim	10/11/17	132.55	101175	132.55
Tyler Technologies, Inc	Maintenance Nov 2017-Oct 18	10/02/17	4,924.85	101127	5,112.35
	AR Module Set up Fees	10/02/17	187.50	101127	
Underground Service Alert of Southern California	Dig Tickets/ Monthly Fee	10/06/17	39.70	101148	39.70
USDA Forest Service	Special Use Permit	10/11/17	60.91	101176	60.91
Verizon Wireless Services LLC	Cell phones September 2017	10/25/17	198.68	101229	198.68
Visa	Chief Officer Book for Chief Officer Classes	10/02/17	122.74	101128	1,155.67
	Vasquez - Budget bot-local government	10/02/17	53.93	101128	
	CSDA Annual Conference 2017	10/02/17	550.00	101128	
	Eaton- Office Program and Amer Engineer Membe	10/02/17	429.00	101128	
	Bobroff-Lunch for Emp Live oak Replace	10/11/17	61.18	101177	3,997.30
	USA AND CALIFORNIA FLAGS	10/11/17	140.61	101177	
	Corley-CPR Cards	10/11/17	77.00	101177	
	Fire Prevention handouts	10/11/17	1,621.06	101177	
	Ellsberry- LED Lights for Plow	10/11/17	89.63	101177	
	Miller/Hall-MBR 1 Improvew/DT Lining	10/11/17	215.79	101177	
	Couplings for metering manhole	10/11/17	428.87	101177	
	Strebel- Refridgerator Part	10/11/17	110.22	101177	
	Cleaning Supplies	10/11/17	413.92	101177	
	Open House supplies & refreshments	10/11/17	293.39	101177	
	Vasquez- Gas & Hotel for Strike Assign.	10/11/17	545.63	101177	
Vyanet Operating Group	Security/Monitoring	10/18/17	125.00	101195	125.00
York Insurance Services Group Inc., -CA	Worker's Compensation	10/18/17	85.04	101196	85.04
York Risk Services Group, Inc	Wrkers Comp Admin Fee - July 2017	10/19/17	112.00	101209	224.00
	Wrkers Comp Admin Fee Sept 2017	10/19/17	112.00	101209	
Zoll Medical Corporation GPO	Medical Supplies	10/25/17	14.54	101230	14.54

	<b>Totals</b>		
<b>Payment Type</b>	<b>Payable Count</b>	<b>Payment Count</b>	<b>Payment</b>
Regular Checks	183	117	199,567.94
Manual Checks	0	0	0.00
Voided Checks	0	1	0.00
Bank Drafts	4	4	101,953.03
EFT's	0	0	0.00
<b>Totals</b>	<b>187</b>	<b>122</b>	<b>301,520.97</b>

<b>Designated Reserve Fund Balances as of October 31, 2017</b>	<b>Fund Balance</b>
<b>Fire &amp; Ambulance Department</b>	
Breathing Apparatus Equipment Replacement	76,923
Future Equipment Replacement	12,188
Workers Comp PASIS Outstanding Claims	12,129
<b>Subtotal Fire &amp; Ambulance Department Designated Reserve Funds</b>	<b>101,241</b>
Fire Department Operating Reserve	723,530
Ambulance Department Operating Reserve	72,378
<b>Subtotal Fire &amp; Ambulance Department Operating Reserve Funds</b>	<b>795,908</b>
<b>Recommended Reserve Fund Target (6 Months Operating Expenses)</b>	<b>1,022,579</b>
<b>Operating Reserve Surplus / (Shortfall)</b>	<b>(226,671)</b>
<b>Wastewater Division</b>	
Wastewater Capital Improvement Project Reserve	253,360
Wastewater System Connection & Capacity Charges	138,371
Wastewater Infrastructure R&R Reserve (CWSRF Debt Reserve)	169,143
<b>Subtotal Wastewater Designated Reserve Funds</b>	<b>560,874</b>
Wastewater Operating Reserve Fund	71,012
<b>Recommended Operating Reserve Fund Target (4 Months Operating Expenses)</b>	<b>499,285</b>
<b>Operating Reserve Surplus / (Shortfall)</b>	<b>(428,272)</b>
<b>Water Division</b>	
Water Capital Improvement Project Reserve	151,370
Water System Connection & Capacity Charges	5,382
Water Infrastructure R&R Reserve (MFC Debt Reserve)	65,341
<b>Subtotal Water Designated Reserve Funds</b>	<b>222,093</b>
Water Operating Reserve	526,085
<b>Recommended Operating Reserve Fund Target (4 Months Operating Expenses)</b>	<b>530,659</b>
<b>Operating Reserve Surplus / (Shortfall)</b>	<b>(4,575)</b>
<b>Assessment Districts</b>	
Water Assessment District No. 9 Construction Funds	35,553
Water Assessment District No. 10 Construction Funds	26,421
Water Assessment District No. 10 O&M	106,475
Water Assessment District No. 10 Bond Reserve Fund	112,131
<b>Subtotal Assessment Districts</b>	<b>280,580</b>
<b>Total District Designated &amp; Operating Reserve Funds</b>	<b>2,277,212</b>
<b>Assessment District Funds</b>	<b>280,580</b>
<b>Combined Pooled Cash</b>	<b>2,557,792</b>
<b>Checking Account (General)</b>	<b>380,226</b>
<b>LAIF</b>	<b>2,041,177</b>
<b>York Insurance Deposit</b>	<b>17,358</b>
<b>BNY Mellon (AD #10 Bond Reserve)</b>	<b>118,031</b>
<b>Petty Cash</b>	<b>1,000</b>
<b>Combined Pooled Cash</b>	<b>2,557,792</b>

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 15, 2017  
**TO:** Board of Directors  
**FROM:** Ryan Gross, General Manager  
**SUBJECT:** ASSESSMENT DISTRICT NO. 10 CONTINUING DISCLOSURE ANNUAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2017

**RECOMMENDED BOARD ACTION**

Consider receiving and filing the Assessment District No. 10 Continuing Disclosure Annual Report for the fiscal year ending June 30, 2017.

**REASON FOR RECOMMENDATION**

The report has been reviewed and approved by staff and the next step is for NBS to disseminate the report as required by the Disclosure Certificate to the Electronic Municipal Market Access (EMMA).

**BACKGROUND INFORMATION**

The Assessment District No. 10 (AD 10) Continuing Disclosure Annual Report for the fiscal year ending June 30, 2017 is included as Attachment 1.

AD 10 was established in 2003 to fund water system improvements in a portion of the Rimwood Ranch area served by the Running Springs Water District (District).

The District has contracted with NBS to administer the AD 10 bond issuance. One of the responsibilities of NBS is to generate the attached Continuing Disclosure Annual Report that provides pertinent information regarding the assessment district.

**FISCAL INFORMATION**

The AD 10 bond issue total was \$1,361,000 and the bonds will be paid off in 2023.

**ATTACHMENTS**

Attachment 1 – AD 10 Continuing Disclosure Annual Report for Fiscal Year Ended June 30, 2017

ATTACHMENT 1

# **RUNNING SPRINGS WATER DISTRICT**

---

**2003 Limited Obligation Improvement Bonds**

**Assessment District No. 10**

**Continuing Disclosure Annual Report**

**Fiscal Year Ended June 30, 2017**

**November 2017**

**OFFICE LOCATIONS:**

**Temecula – Corporate Headquarters**  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592

**San Francisco – Regional Office**  
870 Market Street, Suite 1223  
San Francisco, CA 94102

**California Satellite Offices**  
Atascadero, Davis,  
Huntington Beach,  
Joshua Tree, Riverside,  
Sacramento, San Jose

[www.nbsgov.com](http://www.nbsgov.com)

Prepared by:





# ***RUNNING SPRINGS WATER DISTRICT***

---

**\$1,361,000**  
**RUNNING SPRINGS WATER DISTRICT**  
**(SAN BERNARDINO COUNTY)**  
**2003 LIMITED OBLIGATION IMPROVEMENT BONDS**  
**RUNNING SPRINGS WATER DISTRICT**  
**ASSESSMENT DISTRICT NO. 10**

**DATED: July 31, 2003**

**CUSIP NOS.**

<u>MATURITY</u>	<u>CUSIP</u>
2018	781617BD6
2023	781617BE4

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NBS has relied upon information provided by sources which are believed to be reliable without independent verification; therefore, we express no opinion as to the completeness, accuracy or suitability of such information.

# 1. INTRODUCTION

---

The purpose of this report is to provide information to the Electronic Municipal Market Access (the “EMMA”) in order to comply with the provisions contained in the Continuing Disclosure Agreement (the “Disclosure Agreement”) executed and delivered by the Running Springs Water District (the “District”) and The Bank of New York Mellon (the “Fiscal Agent”) in connection with the issuance of \$1,361,000 Running Springs Water District 2003 Limited Obligation Improvement Bonds, Running Springs Water District, Assessment District No. 10 (the “Bonds”). The Disclosure Agreement was executed and delivered by the District and the Fiscal Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

## 2. CONTENT OF ANNUAL REPORT

---

### 2.1 Audited Financial Statements

The Audited Financial Statements for the fiscal year ended June 30, 2017 will be disseminated to the EMMA under separate cover.

### 2.2 Principal Amount of Bonds Outstanding

The principal amount of the Bonds outstanding as of June 30, 2017, was \$605,000.00. The principal amount of the Bonds outstanding as of September 3, 2017, was \$530,000.00.

### 2.3 Fund Balances

The following table shows the balances in the Redemption Fund and Reserve Fund, as of June 30, 2017 and September 3, 2017:

<b>Fund Description</b>	<b>Balance as of 6/30/2017</b>	<b>Balance as of 9/3/2017</b>
Water Bond Fund(1)	\$207,170.25	\$108,574.47
Reserve Fund	112,130.89	112,130.89

(1) Funds to be used for the purposes of the Redemption Fund are held in the Water Bond Fund.

### 2.4 Assessment Prepayments

There were no assessment prepayments during Fiscal Year 2016/17.

### 2.5 Delinquency Information

As of June 30, 2017, there were no delinquent property owners with delinquent installments related to the Fiscal Year 2016/17 levy.

## 2.6 Foreclosure Proceedings

One property owner, Chabad of California, Inc., owned four parcels within the Assessment District and had been delinquent for Fiscal Years 2009/10 through 2011/12. The District pursued foreclosure action against the property owner. On March 12, 2013, a judgment was issued in favor of the District. The Notice of Levy was recorded and served, and the San Bernardino County Sheriff held two tax sales. In May 2015, the parcels sold at a San Bernardino County tax sale for more than the minimum bid to the current property owner, E. Michael and Tina J. Loboda Family Trust and Abra Management Inc.

On March 24, 2016, the District entered into an agreement with the current property owners to collect the delinquent assessments that had previously been removed from the tax roll, along with penalties, interest, and associated fees. Per the agreement, the District collected monthly payments from the property owners through December 2016 to reconcile all amounts due to the District under the judgement. All amounts due to the District under the judgment have been paid by the property owner as of December 9, 2016.

## 2.7 Assessed Value

As of January 1, 2017, the total assessed value of property in the Assessment District with unpaid assessments was \$15,172,781.

## 2.8 Major Owners

The following table shows owners of property in the Assessment District with aggregate unpaid assessments in excess of 5% of the total unpaid assessments:

Property Owner	Unpaid Assessments <sup>(1)</sup>	Percent of Total Unpaid Assessments
WEST COAST TORAH RETREAT & CAMP CENT	\$270,158.75	49.94%

(1) As of June 30, 2017.

## 2.9 CEDU Operation Changes

CEDU Educational Services Inc. sold its property and no longer conducts operations within the boundaries of the Assessment District.

### 3. REPORTING OF SIGNIFICANT EVENTS

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According to the Disclosure Agreement, significant events are as follows:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the securities.
11. Rating changes.

Notice of listed events described in Section 5, subsections (a) (8) and (9) of the Disclosure Agreement need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Fiscal Agent Agreement.

## 4. CONCLUDING STATEMENT

---

This Continuing Disclosure Annual Report was prepared on behalf of the District in accordance with the Disclosure Agreement, in order to provide required information to the marketplace as provided for under S.E.C. Rule 15c2-12(b)(5). Such required information may include, but not be limited to, annual financial information, certain operating information and disclosures concerning specific events.

NBS has relied upon information provided by sources which are believed to be reliable without independent verification. The reader understands and agrees that NBS is entitled to rely on all information and documents supplied to NBS by the District or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and NBS has no obligation to confirm that such information and documentation is correct and that NBS has no liability if such information is not correct.

The information contained within this report, has been reviewed, approved and authorized for dissemination via EMMA by the District.

Running Springs Water District



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Ryan Gross, P.E., BCEE  
General Manager

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 15, 2017  
**TO:** Board of Directors  
**FROM:** Ryan Gross, General Manager  
**SUBJECT:** CONSIDER RECEIVING, FILING AND AUTHORIZING THE DISTRIBUTION OF THE DISTRICT'S FISCAL YEAR 2016-2017 ANNUAL FINANCIAL REPORT AND AUDIT RESULTS

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors consider receiving, filing and authorizing the distribution of the District's Fiscal Year 2016-2017 Annual Financial Report and Audit Results.

**REASON FOR RECOMMENDATION**

The District is required to have an annual independent audit and to distribute financial information to parties interested in the finances of the District.

**BACKGROUND INFORMATION**

The District is required to have an annual independent financial audit. Van Lant & Fankhanel, LLP (VLF) will present their team's findings and the results from the audit of the District's financial data for fiscal year 2016-2017. A copy of the Fiscal Year 2016-2017 Annual Financial Report was provided to the Board members on November 9, 2017 and is also available at the District office for review by any interested member of the public.

**FISCAL INFORMATION**

The cost for VLF's services to perform this year's audit is approximately \$22,500.

**ATTACHMENTS**

Attachment 1 - Fiscal Year 2016-2017 Annual Financial Report.



November 7, 2017

Board of Directors  
Running Springs Water District  
Running Springs, CA

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Running Springs Water District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2017. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension liability is based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office. We evaluated the key factors and assumptions to develop the net pension liability in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note 5 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the net pension liability in Note 9 to the financial statements is based on the District's proportionate share of the total pension liability of the pool and includes assumptions for discount rates, which could differ from actual discount rates. Note 9 discloses the differences in the net pension liability assuming different discount rates.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 7, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Very truly yours,

*Van Lant & Fankhanel, LLP*

**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Running Springs Water District  
Running Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2017.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

## **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Van Lant & Fankhaenel, LLP*

November 7, 2017

**INDEPENDENT ACCOUNTANT’S REPORT ON AGREED-UPON PROCEDURES  
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

Board of Directors  
Running Springs Water District  
Running Springs Water District, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the Running Springs Water District, for the year ended June 30, 2017. These procedures, which were agreed to by the Running Springs Water District and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The District’s management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year’s limit to total adjustments and agreed the resulting amount to this year’s limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the Board of Directors during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIII B of the California Constitution*.

This report is intended solely for the use of the Board of Directors and management of the Running Springs Water District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Van Lant & Fankhauser, LLP*

November 7, 2017



**RUNNING SPRINGS WATER DISTRICT  
 APPROPRIATIONS LIMIT COMPUTATION  
 2016-2017**

	2016-2017
Change in Per Capita Personal Income	5.37%
Population Change	
County Population Growth	0.68%
Change in Per Capita Personal Income Converted to a Ratio	1.0537
Population Change Converted to a Ratio	1.0068
Calculation of Growth Factor	1.0609
2015-2016 Appropriations Limit	<u>\$ 4,408,067</u>
2016-2017 Appropriations Limit (\$4,408,067 X 1.0609)	<u>\$ 4,676,518</u>

**RUNNING SPRINGS WATER DISTRICT**

**ANNUAL FINANCIAL REPORT**

Years Ended June 30, 2017 and 2016

**Running Springs Water District**  
**Annual Financial Report**  
Years Ended June 30, 2017 and 2016

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## **INTRODUCTORY SECTION**



RUNNING SPRINGS WATER DISTRICT  
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206  
Running Springs, CA 92382

November 7, 2017

Board of Directors  
Running Springs Water District

**Subject: Letter of Transmittal for Annual Financial Report and Independent Auditor's Report for the fiscal year ending June 30, 2017 and 2016**

Honorable Directors:

We are pleased to provide you with this letter of transmittal for the Running Springs Water District's (District) Annual Financial Report and Independent Auditor's Report for the fiscal years ending June 30, 2017 and 2016. The intended purpose of the annual financial report is to provide the Board of Directors, the customers of the District and other interested parties with reliable information on the finances of the District. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal years ending June 30, 2017 and 2016, are free of material misstatement. The independent auditor concluded, based upon the audit, that in their opinion the District's financial statements for the fiscal years ending June 30, 2017 and 2016 present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017 and 2016 and the changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A can be found immediately following the Independent Auditor's Report in the financial section of this report.

In addition to the required components of the Financial Report, the District has elected to prepare this Letter of Transmittal. This Letter of Transmittal is intended to discuss the

District's accomplishments and future direction. It is designed to complement the MD&A and should be read in conjunction with it.

## **DISTRICT OVERVIEW**

The Running Springs Water District (RSWD or District) is a local public agency charged under the laws of the United States of America and the State of California, as well as our own District policies and regulations, with the duty of supplying and maintaining water service, providing fire and emergency medical care services and operating wastewater collection, treatment and disposal facilities for the residents, users and taxpayers of this community.

The District is an independent special district that was formed in 1958 and established under Division 12 of the California Water Code. In 1962, the District established a Fire Department to provide fire protection services for its service area. In 1976, a sewage disposal system was completed to provide sewer service for the District and certain communities upstream of the District. In 1983, ambulance service was established.

The District is a multi-service organization that presently operates four departments: a water department that provides retail water distribution, a fire department that provides fire protection, an ambulance department that provides pre-hospital emergency medical aid service, and a wastewater department that collects, treats, and disposes of the area's wastewater. The District's service area is approximately five square miles.

The District's power and authority is primarily regulated and defined by Division 12, Sections 30000-33901 of the California Water Code. The District's operations are governed by a five member Board of Directors elected by registered voters in the community.

### **Government Activities**

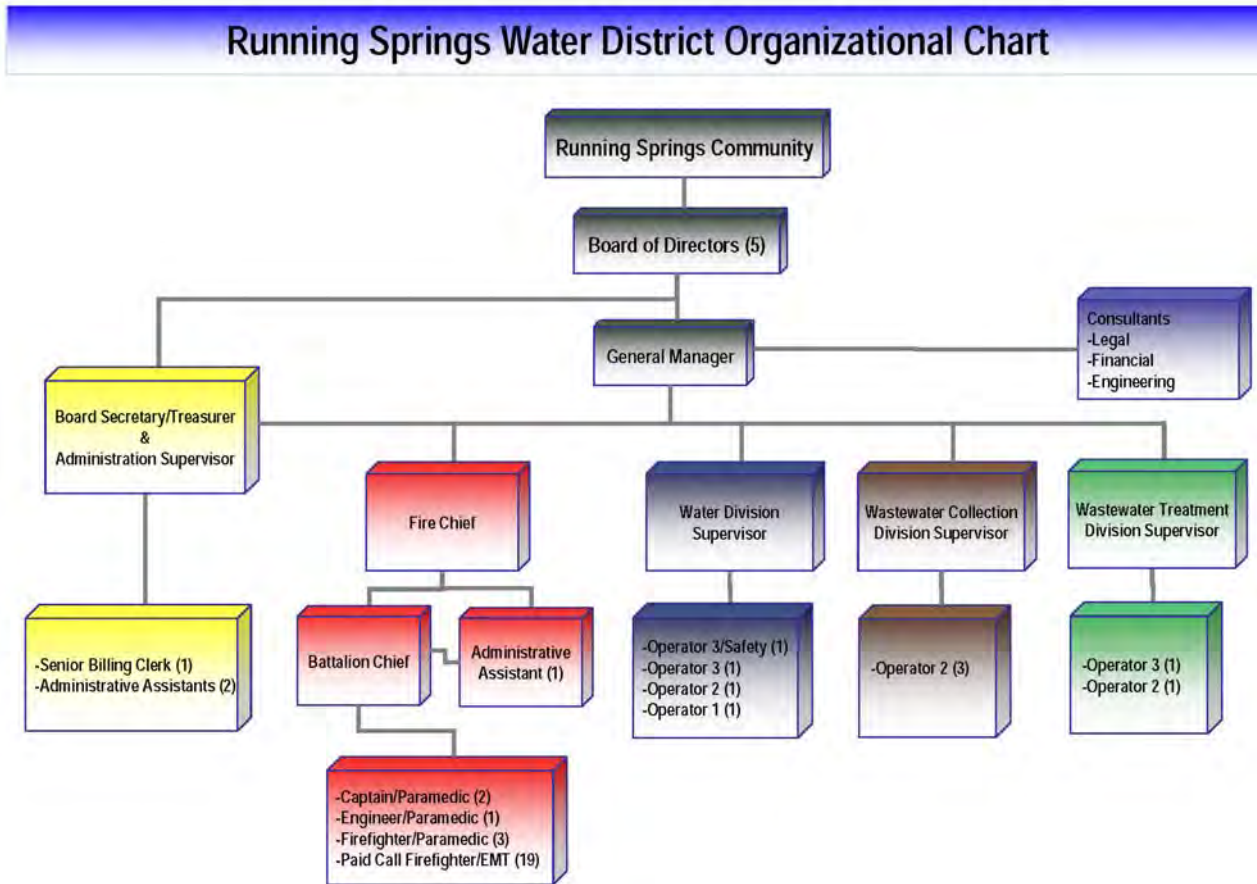
The District's Government Activities include fire protection services for the community of Running Springs.

### **Business-Type Activities**

The District's Business-Type Activities include water, ambulance and sewer services where the fees for these services typically cover all or most of the cost of operation including depreciation.

## Staffing & Organizational Chart

Day-to-day management of the District is delegated to the General Manager of the District who reports directly to the locally elected Board of Directors. Reporting to the General Manager are the five department heads: Fire Chief, Administration Supervisor, Water Division Supervisor, Collections Division Supervisor and Treatment Division Supervisor. The following figure shows the current organization of the District.

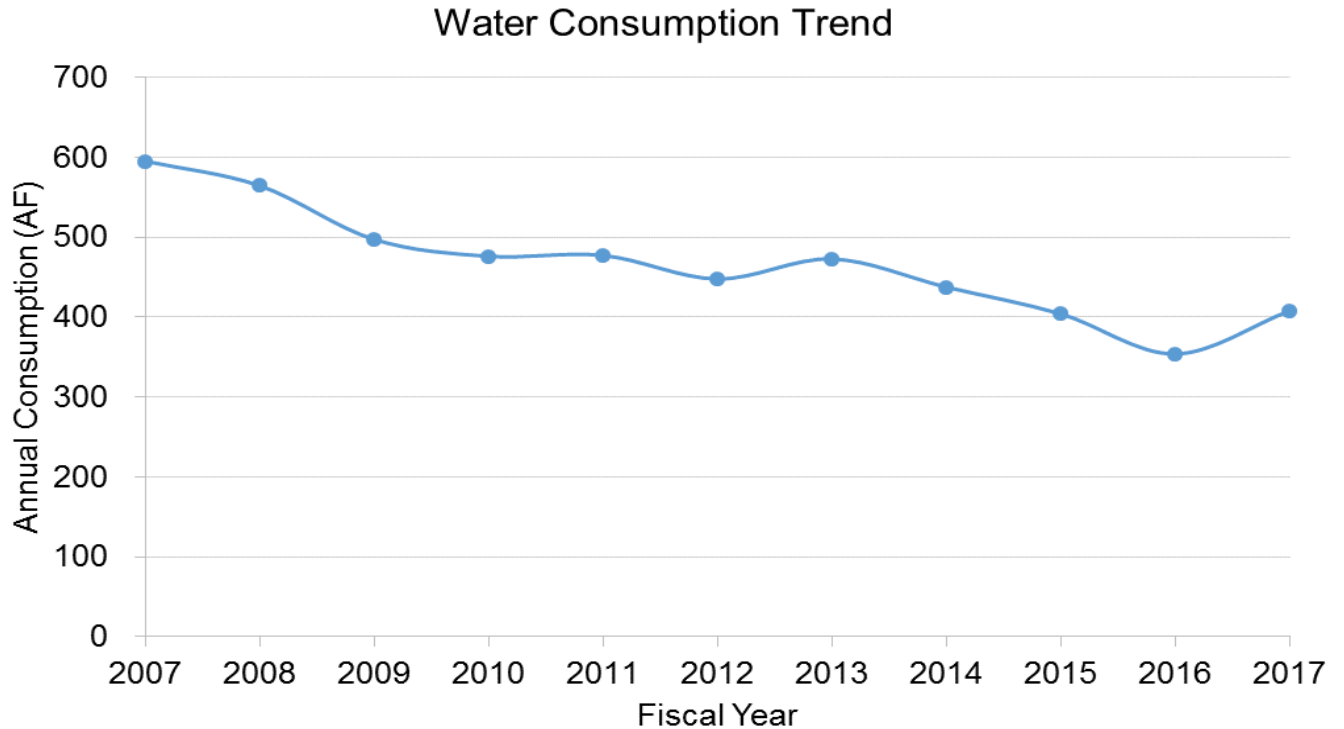


## LOCAL ENVIRONMENT

Running Springs is an unincorporated area governed by the County of San Bernardino. The population of the District according to the 2010 US Census was 4,862. New development is not expected to increase until the foreclosure rate declines and property values increase enough to make new construction costs a viable option.

## WATER RESOURCES MANAGEMENT

The District typically produces more than 50% of its water supply from local District owned groundwater wells. Additional imported groundwater is purchased from Arrowbear Park County Water District and State Water Project water from the Crestline-Lake Arrowhead Water Agency (CLAWA). The District's historical water consumption is shown in the following chart. The amount of purchased water varies with local groundwater production that is tied to precipitation and groundwater well recharge.



## WASTEWATER MANAGEMENT

The District must comply with local, state and federal regulations governing the collection, treatment and disposal of the community's wastewater. The agencies regulating the District's wastewater activities include: The State Regional Water Quality Control Board (RWQCB), San Bernardino County Environmental Health and the United States Forest Service (USFS). The District's Wastewater system is operated under a set of Waste Discharge Requirements (WDR) as part of the Santa Ana Regional Water Quality Control Board Order No. 87-8 issued February 11, 1987 by the RWQCB.

The District developed and implemented a Sewer System Management Plan (SSMP) in 2010 to improve its spill prevention and inflow and infiltration (I/I) prevention programs. The primary goal of the program is to prevent all spills from the wastewater collection system. Activities related to minimizing I/I are ongoing. The SSMP was most recently updated in September 2017.



## **FEES AND CHARGES**

The District's fees and charges are collected through monthly bills, the County of San Bernardino tax roll, ambulance fees and charges and capacity/connection fees for new development. The monthly charges for water service consist of a fixed component and a variable usage component. The monthly charges for residential and commercial wastewater service consist of fixed components and variable components based on 15% of water usage for residential and 33% for commercial.

For the fiscal years ending 2015-2019 water rates were adjusted to increase revenue to cover operating expenses and fund operating and capital reserve funds. These rate increases were needed in order to fund several deferred capital replacement projects, to replace aging infrastructure and to fund cash reserves to the levels set forth in the District's Cash Reserve Policy.

The Residential and Commercial Sewer Monthly Base Charges were also increased for the fiscal years ending 2015-2019. The increase in wastewater rates is primarily due to the loss of the non-operating revenue that has been collected since 2002 from the County of San Bernardino for the disposal of leachate from the Heap's Peak landfill. The loss of this non-operating revenue along with the need to move forward with several deferred capital replacement projects that were identified in the District's Wastewater Master Plan, including the replacement of aging infrastructure that has been deferred, was the driving force for these rate increases.

## **FINANCIAL PLANNING**

In 2010, the District prepared a Financial Master Plan (FMP) along with Water and Wastewater Master Plans. These documents provided a basis for the strategic direction of the District. The District continues its focus on maintaining the necessary cash fund balances for the financial stability of the District and has adopted a Cash Reserve Policy as a guideline to achieve minimum cash balances in each of its reserve funds. The District's Cash Reserve Policy is a guideline for the priorities of operational revenue sources with the Operating Funds receiving the highest priority. After operational costs and debt service are covered, any free cash flow from operations moves into the Capital Improvement Funds up to an amount equal to annual depreciation plus 10%. Any remainder goes to the Rate Stabilization Funds for a balance not to exceed 20% of annual budgeted revenue.

## **ACCOUNTING AND INTERNAL CONTROLS**

The Administration Division is responsible for providing the financial services for the District, including financial accounting and reporting, payroll, accounts payable, budgeting, billing and collection of service charges, taxes, and other revenues. An outside consultant is used for special financial accounting, financial statement, audit preparation and other analysis.

The District's management is responsible for establishing and maintaining a system of internal controls designed to safeguard the District's assets from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The system of internal controls is designed to provide reasonable assurance, not absolute, that these objectives are met. When establishing or reviewing controls, management must recognize that the cost to implement a control should not exceed the benefits likely to be derived, and that in order to assess cost versus benefit, estimates and judgment on the part of management will be required. All internal control evaluations occur within the above framework. Management believes the current system of internal controls adequately safeguards the District's assets and provides reasonable assurance that accounting transactions are properly recorded.

## **BUDGETARY CONTROLS**

The Board of Directors adopts an annual budget each year which is used as a management control tool for each of the District's divisions. Comparison information is presented to the Board quarterly to monitor revenues and expenditures and provides information regarding any major variances from budget. In addition, monthly comparison reports are provided to all department supervisors to monitor expenditures and to plan the year as it progresses in an effort to stay within the adopted budget.

## **FINANCIAL CONDITION**

The Management's Discussion and Analysis (MD&A), which can be found immediately following the Independent Auditor's Report in the financial section of this report, summarizes the Statements of Net Position and Statements of Activities and reviews the changes (from the beginning to the end of the period and current year to the prior year). The actual government-wide financial statements are presented on pages 20-25. These government-wide statements are intended to present the District in a more corporate-style basis and provide a view of the big picture.

Additionally, the fund financial statements (starting on page 26) are designed to address the individual funds by category (governmental and proprietary, as well as the fiduciary fund). An explanation of these complementary presentations can be found in the MD&A and in the notes (see Note 1).

Supplementary schedules are presented to give department information for the Proprietary Fund (starting on page 67).

Liquidity is the ability to cover short-term obligations. The Proprietary Fund is similar to a business so the current ratio, which is a measurement of liquidity, can be helpful in assessing the liquidity of the District. The current ratio increased from 3.23 at June 30, 2016 to 4.75 at June 30, 2017. The current ratio from the above condensed summary is as follows:

	2017	2016
Current Ratio		
Current Assets	\$ 2,360,423	\$ 1,901,099
Current Liabilities	497,422	589,250
Current Ratio	4.75	3.23

However, since the current assets subtotal includes assets that are not immediately liquid, such as inventory, a more rigorous form of the ratio includes only cash, temporary investments and receivables. The following calculation shows that ratio as 2.11 at June 30, 2016 increasing to 3.81 at June 30, 2017.

	2017	2016
Quick Ratio (more rigorous)		
Cash	\$ 1,000	\$ 1,000
Temporary Investments	935,927	308,031
Receivables	958,309	935,742
Cash, Temporary Investments and Receivables	\$ 1,895,236	\$ 1,244,773
Cash, Temporary Investments and Receivables	\$ 1,895,236	\$ 1,244,773
Current Liabilities	497,422	589,250
Quick Ratio	3.81	2.11

This increase in ratio indicates an increase in the ability of the District to cover short-term obligations.

Solvency is the ability to pay all debts. The debt ratio indicates the District's long-term debt paying ability. The following debt ratio calculation shows an increase from 0.31 at June 30, 2016 to 0.35 at June 30, 2017:

	2017	2016
Debt Ratio		
Total Liabilities	\$ 7,970,634	\$ 6,878,634
Total Assets	22,747,833	22,094,538
Debt Ratio	0.35	0.31

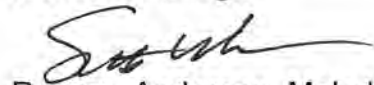
The above calculation is the conservative computation of debt ratio of the Proprietary Fund because it includes all liabilities. The lower the ratio, the better the debt-paying position of the District.

We would like to thank the District staff and consultants for their hard work in the preparation of this report and for the information they provide to management, the Board of Directors and to our outside auditors. We would also like to thank the Board of Directors for their support of our efforts to position the District for long-term financial health which benefits all the citizens of the community we serve.

Respectfully submitted,



Ryan Gross  
General Manager



Rogers, Anderson, Malody & Scott, LLP (RAMS)  
District Financial Consultant

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Running Springs Water District  
Running Springs, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District (the "District"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District, as of June 30, 2017 and 2016, and the changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and state regulations governing special districts.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, as listed in the 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and schedules listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplementary information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the supplementary information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

A handwritten signature in black ink that reads "Van Lant & Fankhaed, LLP". The signature is written in a cursive style.

November 7, 2017



## Management's Discussion and Analysis

Our discussion and analysis of Running Springs Water District's financial performance provides an overview of the District's financial activities for the fiscal years ending June 30, 2017 and 2016. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal (beginning on page i) and the District's basic financial statements (beginning on page 20).

### FINANCIAL HIGHLIGHTS

- The District's total net position increased by \$598,817 and increased by \$537,780 as of June 30, 2017 and 2016, respectively. The increase for the year ended June 30, 2017 is the combination of an increase in net position for the Governmental Activities of \$298,808 and an increase in net position for the Business Type Activities of \$300,009. These increases are due to rate increases in charge for services, water consumption, Fire payroll reimbursement revenue and an increase in property tax revenue. The increase for the year ended June 30, 2016 is the combination of an increase in net position for the Governmental Activities of \$91,424 and an increase in net position for the Business Type Activities of \$446,356. These increases are due to rate increases in charge for services, Medi-Cal Ground Emergency Medical Transportation (GEMT) Supplemental Reimbursement and an increase in property tax revenue. During the 2015 fiscal year, the Governmental Accounting Standards Board Statement (GASBS) No.68 became effective and required the District to recognize on its statement of net position and balance sheet (proprietary funds) the proportionate share of its net pension liability related to the District's pension plan. The statement required implementation on a retroactive basis which resulted in the increase in net position as of June 30, 2017 and the decrease in net position as of June 30, 2016.
- Total revenues increased \$268,470 (4.15%) for the year ended June 30, 2017 and increased \$678,729 (11.74%) for the year ended June 30, 2016. The increase in 2017 is a combination of rate increases in charge for service, water consumption, Fire payroll reimbursement revenue, and increased property tax revenue. The increase in 2016 is a combination of rate increases in charge for service, Medi-Cal GEMT Supplemental Reimbursement and increased property tax revenue.
- Total expenses increased \$207,433 (3.5%) for the year ended June 30, 2017 and decreased \$202,957 (3.55%) for the year ended June 30, 2016. Water and Ambulance departments showed increases and Sewer and Fire departments showed decreases in expenses for the year ended June 30, 2017. All departments except the Water department showed increases in expenses for the year ended June 30, 2016.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Running Springs Water District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Running Springs Water District's finances in a manner similar to a private-sector business. The required financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. These statements offer short-term and long-term financial information about the District.

The "Governmental Activities" columns reflect the District's fire protection services. The "Business-Type Activities" columns reflect private sector type operations (Water, Ambulance and Sewer), where the fee for service typically covers all or most of the cost of operation including depreciation.

### ***Statement of Net Position***

The *Statement of Net Position* presents information on all of the Running Springs Water District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference, or net, reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Running Springs Water District is improving or deteriorating.

### ***Statement of Activities***

The *Statement of Activities* accounts for all activities during the fiscal year. This statement measures the success of the District's operations during the reporting period and can be used to assess whether or not the District has successfully recovered all of its costs through its user fees and other charges. This statement also measures the District's solvency and ability to meet its financial commitments.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* for the Running Springs Water District include statements for the *Governmental Fund*, the *Proprietary Fund* and *Fiduciary Funds*.

The *Governmental Fund* financial statements include: ***Balance Sheets*** and ***Statements of Revenues, Expenditures and Changes in Fund Balances***, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the District's fund balances by law, creditors, and the District's Board. Unassigned fund balance is available for spending for any purpose. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the general government operations and the basic service it provides. Governmental funds will reflect bond proceeds and internal fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The bottom of the Governmental Fund financial statements provides reconciliations between the fund financial statements and the government-wide financial statements.

The *Proprietary Fund* financial statements include: ***Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position***, and ***Statements of Cash Flows***. *Statements of Net Position* present our assets, deferred outflows, liabilities, deferred inflows and the difference, or net, between what we own and what we owe as of the last day of our fiscal year. *Statements of Revenues, Expenses and Changes in Net Position* describes the financial results of our proprietary operations for the fiscal years reported. The Proprietary Fund presentation produces the same totals as the Business-Type column in the government-wide financial statements. Readers also need to know how we manage our cash resources during the year to effect the changes in net position. This information is conveyed in the *Statements of Cash Flows*. The *Statements of Cash Flows* reconcile the income or loss from operations that are reported on the accrual basis with the actual cash inflows and uses. The *Statements of Cash Flows* also detail how we obtain cash through financing and investing activities and, similarly, how we spend cash for these purposes.

The *Fiduciary Fund* financial statements include: ***Statements of Fiduciary Assets and Liabilities***, which consist solely of trust and agency funds and are used to account for resources held for the benefit of parties outside the government (i.e. Assessment Districts). Fiduciary funds are *not* reflected in the *Statement of Net Position* and *Statement of Revenue, Expenses, and Changes in Net Position* because the resources of the fund are *not* available to support the District's own programs. Fiduciary funds are custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The basic fiduciary fund financial statements can be found on page 34 of the Basic Financial Statements.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 35-67 of the Basic Financial Statements.

### **OVERVIEW OF SUPPLEMENTARY INFORMATION**

This annual financial report includes required supplementary information and other supplementary information. The required supplementary information consists of a *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund Type – Fire Protection*, *Schedule of the Districts Proportionate Share of the Net Pension Liability*, *Schedule of Plan Contributions* and related notes. The budget vs. actual schedule compares revenues and expenditures for Fire Protection with budgeted amounts and details the variance for each line item. The other schedules will eventually provide 10 years of information related to the Districts pension plan.

Other supplementary information consists of three *Schedules of Revenues, Expenses and Changes in Net Position*. One schedule for each department accounted for in the Proprietary Fund, which are the Water Department, the Ambulance Department, and the Sewer Department. Additional supplementary information is presented for the Fiduciary Agency Funds which include two statements: *Combining Statement of Fiduciary Assets and Liabilities* and *Combining Statement of Changes in Assets and Liabilities*.

## FINANCIAL ANALYSIS

### District-wide Analysis

The following condensed financial information summarizes the total district (government-wide) net position:

#### Running Springs Water District's Net Position

	Governmental Activities			Business-Type Activities			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
<b>Assets:</b>									
Current and Other Assets	\$1,543,864	\$1,352,274	\$1,310,561	\$ 2,360,423	\$ 1,901,099	\$ 2,378,011	\$ 3,904,287	\$ 3,253,373	\$ 3,688,572
Capital Assets	874,399	908,614	990,539	20,387,410	20,193,439	17,450,278	21,261,809	21,102,053	18,440,817
Total Assets	<u>2,418,263</u>	<u>2,260,888</u>	<u>2,301,100</u>	<u>22,747,833</u>	<u>22,094,538</u>	<u>19,828,289</u>	<u>25,166,096</u>	<u>24,355,426</u>	<u>22,129,389</u>
<b>Deferred Outflows of Resources</b>									
	1,091,451	643,510	489,533	1,400,501	849,706	492,691	2,491,952	1,493,216	982,224
<b>Liabilities:</b>									
Current Liabilities	92,320	93,833	89,539	497,422	589,250	504,962	589,742	683,083	594,501
Noncurrent Liabilities	2,971,773	2,460,528	2,227,582	7,473,212	6,289,384	3,881,519	10,444,985	8,749,912	6,109,101
Total Liabilities	<u>3,064,093</u>	<u>2,554,361</u>	<u>2,317,121</u>	<u>7,970,634</u>	<u>6,878,634</u>	<u>4,386,481</u>	<u>11,034,727</u>	<u>9,432,995</u>	<u>6,703,602</u>
<b>Deferred Inflows of Resources</b>									
	135,184	338,408	553,307	129,385	317,304	632,549	264,569	655,712	1,185,856
<b>Net Position:</b>									
Net Investment in Capital Assets	874,399	908,614	990,539	17,104,684	17,332,575	16,425,621	17,979,083	18,241,189	17,416,160
Restricted for:									
Debt Service	-	-	-	234,484	169,579	433,899	234,484	169,579	433,899
Water & Wastewater Expansion				138,107	324,433	428,189	138,107	324,433	428,189
Upstream Users				-	67,217	144,157	-	67,217	144,157
Unrestricted (deficit)	(563,962)	(896,985)	(1,070,334)	(1,428,960)	(2,145,498)	(2,129,916)	(1,992,922)	(3,042,483)	(3,200,250)
Total Net Position	<u>\$ 310,437</u>	<u>\$ 11,629</u>	<u>\$ (79,795)</u>	<u>\$16,048,315</u>	<u>\$15,748,306</u>	<u>\$15,301,950</u>	<u>\$16,358,752</u>	<u>\$15,759,935</u>	<u>\$15,222,155</u>

- The assets of Running Springs Water District increased by \$810,670 and \$2,226,037 as of June 30, 2017 and 2016 respectively. The most significant changes in 2017 are an increase in cash and temporary investments. The increase in 2017 was primarily the result of the decrease in construction in progress. The most significant changes in 2016 are an increase in construction in progress. The increase in 2016 was primarily the result of the replacement of three sewer lift stations that were 45 years old and passed their useful lives.
- The Running Springs Water District's total liabilities increased by \$1,601,732 and \$2,729,393 as of June 30, 2017 and 2016 respectively. The key factors in the increase in 2017 are an additional loan for the replacement of the three sewer lift stations and the increase in net pension liability. The key factor in the increase in 2016 is a new loan for the replacement of the three sewer lift stations. As mentioned earlier, GASBS No. 68 required the District to recognize its net pension liability related to its pension

plan. The net pension liability is determined using actuarial methods by CalPERS on an annual basis.

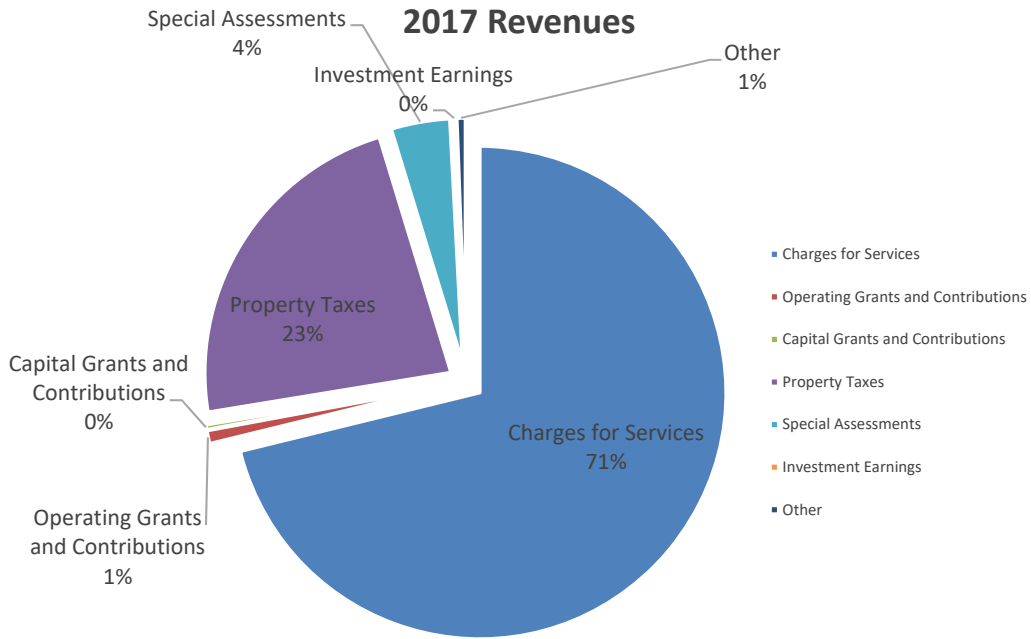
- Net position may serve over time as a useful indicator of a district's financial position. In the case of the Running Springs Water District, net position was \$16,358,752 and \$15,759,935 at the close of June 30, 2017 and 2016, respectively. Of this amount, \$(1,992,922) and \$(3,042,483) as of June 30, 2017 and 2016, respectively, (*unrestricted net position*) may be used to meet the District's ongoing obligations to customers and creditors. Although these amounts are presented in the aggregate, the District must follow certain laws related to the spending of revenues which involve Proposition 218. Water and Sewer resources can only be spent on expenses, programs or projects related to the respective revenue source.

The following condensed financial information summarizes the changes in the total district (government-wide) net position:

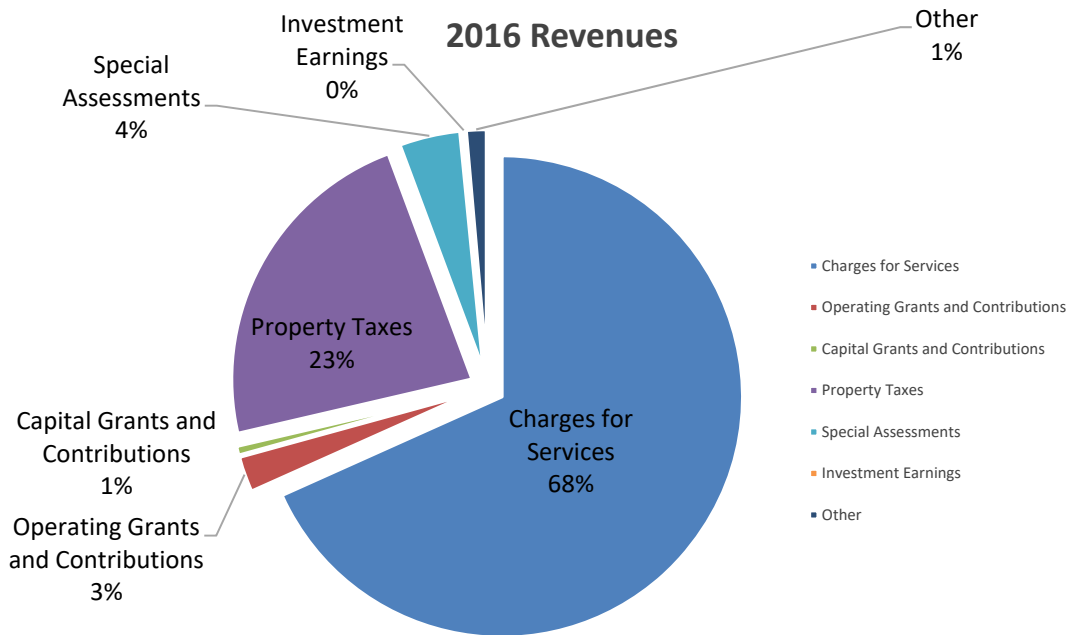
### Running Springs Water District's Changes in Net Position

	Governmental Activities			Business-Type Activities			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
<b>Revenues:</b>									
Program Revenues:									
Charges for Services	\$ 150,848	\$ 114,977	\$ 16,940	\$ 4,640,530	\$ 4,298,809	\$ 3,845,143	\$ 4,791,378	\$ 4,413,786	\$ 3,862,083
Operating Grants and Contributions	-	-	-	59,977	156,691	-	59,977	156,691	-
Capital Grants and Contributions	5,710	5,423	15,707	17,424	36,259	166,814	23,134	41,682	182,521
General Revenues:									
Property Taxes	1,539,135	1,483,527	1,395,269	-	-	-	1,539,135	1,483,527	1,395,269
Special Assessments	201,264	205,122	204,949	59,755	60,971	67,002	261,019	266,093	271,951
Investment Earnings	11,582	3,659	693	5,041	7,794	9,760	16,623	11,453	10,453
Other	-	-	-	39,678	89,242	61,468	39,678	89,242	61,468
<b>Total Revenues</b>	<b>1,908,539</b>	<b>1,812,708</b>	<b>1,633,558</b>	<b>4,822,405</b>	<b>4,649,766</b>	<b>4,150,187</b>	<b>6,730,944</b>	<b>6,462,474</b>	<b>5,783,745</b>
<b>Expenses:</b>									
Fire Protection	1,609,731	1,721,284	1,652,207	-	-	-	1,609,731	1,721,284	1,652,207
Water	-	-	-	1,823,584	1,757,591	1,775,165	1,823,584	1,757,591	1,775,165
Ambulance	-	-	-	785,220	505,918	419,504	785,220	505,918	419,504
Sewer	-	-	-	1,913,592	1,939,901	1,874,861	1,913,592	1,939,901	1,874,861
<b>Total Expenses</b>	<b>1,609,731</b>	<b>1,721,284</b>	<b>1,652,207</b>	<b>4,522,396</b>	<b>4,203,410</b>	<b>4,069,530</b>	<b>6,132,127</b>	<b>5,924,694</b>	<b>5,721,737</b>
Transfers			(360,000)			360,000	-	-	-
Increase (Decrease) in Net Position	298,808	91,424	(378,649)	300,009	446,356	440,657	598,817	537,780	62,008
Total Net Position -									
Beginning	11,629	(79,795)	2,110,991	15,748,306	15,301,950	17,050,176	15,759,935	15,222,155	19,161,167
Prior Period Adjustment	-	-	(1,812,137)	-	-	(2,188,883)	-	-	(4,001,020)
Total Net Position -									
Ending	\$ 310,437	\$ 11,629	\$ (79,795)	\$16,048,315	\$15,748,306	\$15,301,950	\$16,358,752	\$15,759,935	\$15,222,155

Total revenues increased \$268,470 (4.15%) for the year ended June 30, 2017.

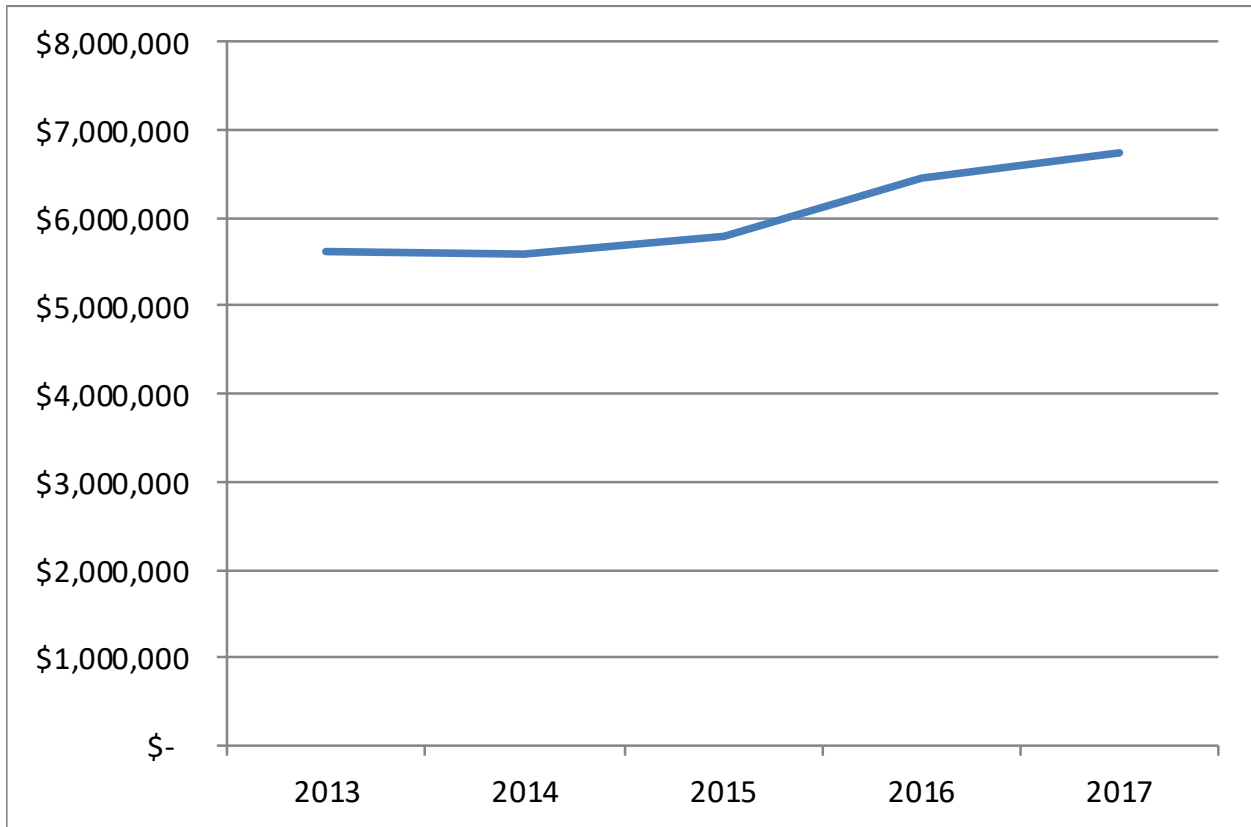


The breakdown of each category of revenue had a slight change as compared to the revenue breakdown for the year ended June 30, 2016 (2016: Charges for Services 68%, Operating Grants and Contributions 3%, Capital Grants and Contributions 1%, Property Taxes 23%, Special Assessments 4%, Investment Earnings 0% and Other 1%).



The increase (4.15%) in total revenues for 2017 when compared to 2016 is primarily due to rate increases in charges for services and increased property tax revenue.

The graph below illustrates the revenue in the recent past years.



District-wide, total expenses increased \$207,433 (3.5%) for the year ended June 30, 2017 and \$202,957 (3.55%) for the year ended June 30, 2016. Notable increases in expenses in both 2017 and 2016 are employee salaries and bad debt expense in the Ambulance Department.

**Governmental Fund and Governmental Activities (Fire Protection) Analysis**

Net position for the Governmental Activities is \$310,437 and \$11,629 at the close of June 30, 2017 and 2016 respectively. The increase of \$298,808 for the year ended June 30, 2017 is primarily the result of the Fire payroll reimbursement revenue and the decrease of salaries due to the change of Ambulance salary allocation and the credit amount of net pension expense due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 (Governmental Activities). The increase of \$91,424 for the year ended June 30, 2016 is the result of the increase in revenue and expenses stayed about same. For the year ended June 30, 2017, the revenues increased 9% and expense decreased 6%. Revenues increased 11% and expense decreased 0.5% for the year ended June 30, 2016.



Below is condensed financial information that reconciles the Governmental Fund (modified accrual basis) to the Governmental Activities (full accrual method).

**Reconciliation from Modified Accrual to Full Accrual**

	2017			2016		
	<u>Modified Accrual</u>		<u>Full Accrual</u>	<u>Modified Accrual</u>		<u>Full Accrual</u>
	Statement of Revenues and Expenditures - Governmental Fund -Fire Protection		Statement of Activities - Fire Protection	Statement of Revenues and Expenditures - Governmental Fund -Fire Protection		Statement of Activities - Fire Protection
		Conversion			Conversion	
Revenues	\$ 1,908,539	\$ -	\$ 1,908,539	\$ 1,812,708	\$ -	\$ 1,812,708
Expenditures/Expenses/Transfers	1,728,846	(119,115)	1,609,731	1,793,451	(72,167)	1,721,284
Excess of Revenues Over (Under)						
Expenditures	179,693	119,115	298,808	19,257	72,167	91,424
Net Change	\$ 179,693	\$ 119,115	\$ 298,808	\$ 19,257	\$ 72,167	\$ 91,424

	2015		
	<u>Modified Accrual</u>		<u>Full Accrual</u>
	Statement of Revenues and Expenditures - Governmental Fund -Fire Protection		Statement of Activities - Fire Protection
		Conversion	
Revenues	\$ 1,633,558	\$ -	\$ 1,633,558
Expenditures / Expenses	2,162,764	(150,557)	2,012,207
Excess of Revenues Over (Under)			
Expenditures	(529,206)	150,557	(378,649)
Net Change	\$ (529,206)	\$ 150,557	\$ (378,649)

- Revenues for the year ended June 30, 2017 increased 5% as a result of an increase in Property taxes, hazard abatement program revenue and other revenue. Expenses in the Governmental Activities decreased 6% for the year ended June 30, 2017 as a result of the increase percentage of salary allocation to Ambulance Fund.
- Revenues for the year ended June 30, 2016 increased 11% as a result of an increase in Property taxes, hazard abatement program revenue and other revenue. Expenses in the Governmental Activities decreased 0.5% for the year ended June 30, 2016.

**Proprietary Fund and Business-Type Activities (Water, Ambulance, and Sewer) Analysis**

Net position for the Business-Type Activities is \$16,048,315 and \$15,748,306 at the close of June 30, 2017 and 2016 respectively. The increase of \$300,009 for the year June 30, 2017 is the result of the service charge rate increase. The increase of \$446,356 for the year June 30, 2016 is the result of the service charge rate increase and Medi-Cal GEMT Supplemental Reimbursement. Revenues increased 4% for the year ended June 30, 2017, and expenses increased 8%. For the year ended June 30, 2016, revenues increased 12% and expenses increased 3%.

Below is condensed financial information for the Proprietary Fund and Business-Type Activities:

### Proprietary Fund - Change in Net Position

	2017	2016	2015
Operating Revenues			
Water Department	\$ 1,906,259	\$ 1,751,686	\$ 1,690,238
Ambulance Department	679,869	674,656	364,200
Sewer Department	2,105,870	2,029,158	1,516,978
Total Operating Revenues	<u>4,691,998</u>	<u>4,455,500</u>	<u>3,571,416</u>
Operating Expenses			
Water Department	1,807,352	1,740,121	1,769,592
Ambulance Department	784,077	505,782	419,504
Sewer Department	1,909,468	1,927,347	1,854,320
Total Operating Expenses	<u>4,500,897</u>	<u>4,173,250</u>	<u>4,043,416</u>
Operating Income (Loss)	191,101	282,250	(472,000)
Non-Operating Revenues	112,983	158,007	411,957
Non-Operating Expenses	(21,499)	(30,160)	(26,114)
Income (Loss) Before Property			
Contributions and Transfers	282,585	410,097	(86,157)
Transfers In			360,000
Capital contributions	17,424	36,259	166,814
Change in Net Position	<u>\$ 300,009</u>	<u>\$ 446,356</u>	<u>\$ 440,657</u>

**Analysis for the year ended June 30, 2017:**

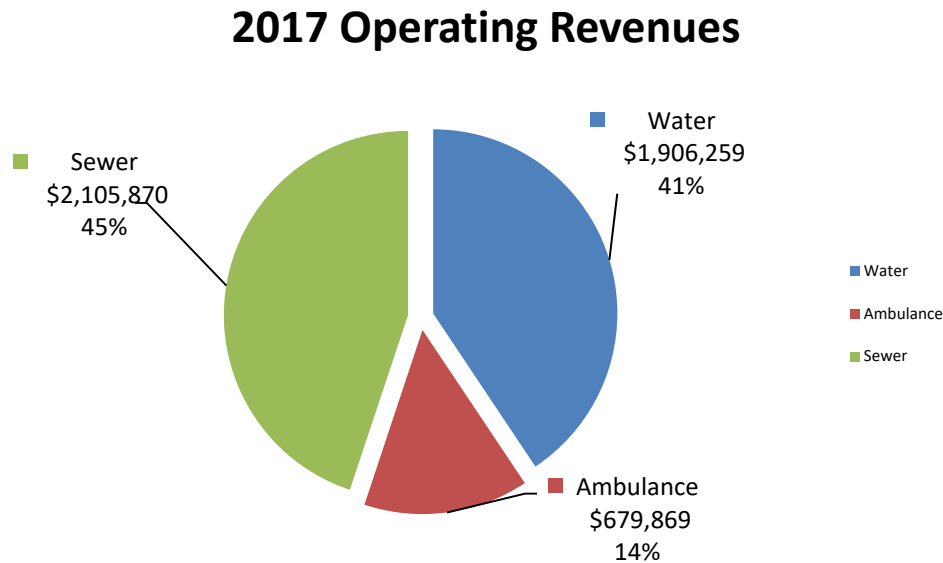
Below is condensed information related to the Proprietary Funds, by department.

**Condensed Summary of Schedules of Revenues, Expenses, and Changes in Net Position - Proprietary Fund - by Departments**

	Water Department		Ambulance Department		Sewer Department	
	2017	2016	2017	2016	2017	2016
Operating Revenues	\$ 1,906,259	\$ 1,751,686	\$ 679,869	\$ 674,656	\$ 2,105,870	\$ 2,029,158
Operating Expenses	1,807,352	1,740,121	784,077	505,782	1,909,468	1,927,347
Operating Income (Loss)	98,907	11,565	(104,208)	168,874	196,402	101,811
Nonoperating Revenues	77,144	97,829	1,618	4,861	34,221	55,317
Nonoperating Expenses	16,232	17,470	1,143	136	4,124	12,554
Total Nonoperating Revenues (Expenses)	60,912	80,359	475	4,725	30,097	42,763
Income (Loss) before Capital Contributions	159,819	91,924	(103,733)	173,599	226,499	144,574
Capital Contributions	5,382	5,382	-	-	12,042	30,877
Change in Net Position	\$ 165,201	\$ 97,306	\$ (103,733)	\$ 173,599	\$ 238,541	\$ 175,451

The condensed summary above shows that the Ambulance Department reported an operating loss for the year ended June 30, 2017 because of the decrease in operating revenue and the increase of salary allocation percentage. The summary shows an operating income for the year ended June 30, 2016 because of the Medi-Cal GEMT Supplemental Reimbursement which means charges to customers for sales and services did not cover the costs of delivering those services.

The following graph shows the breakdown of operating revenues for the Proprietary Fund for the year ending June 30, 2017:

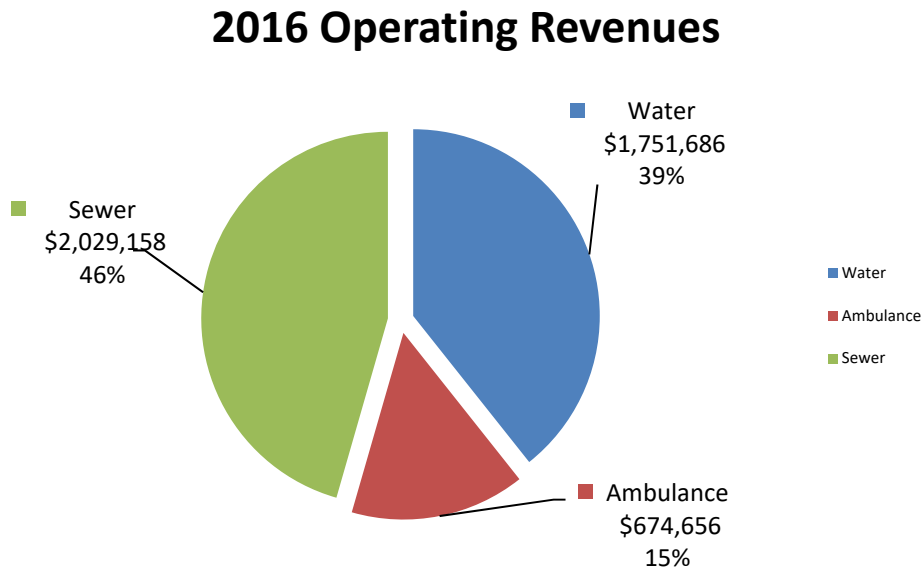


Factors contributing to the Proprietary Fund \$300,009 increase in net position for the year ended June 30, 2017 are as follows:

- Water and wastewater rates were increased in 2017.
- Ambulance salary allocation percentage was increased in 2017.

**Analysis for the year ended June 30, 2016:**

The following graph shows the breakdown of operating revenues for the Proprietary Fund for the year ending June 30, 2016:



Factors contributing to the Proprietary Fund \$446,356 increase in net position for the year ended June 30, 2016 are as follows:

- Water and wastewater rates were increased in 2016.
- Medi-Cal GEMT Supplemental Reimbursement was received in 2016.

## **BUDGETARY HIGHLIGHTS**

As previously noted, this annual financial report includes required supplementary information, which is a *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund Type – Fire Protection* and related notes. The schedule compares revenues and expenditures for Fire Protection with budgeted amounts and details the variance for each line item.

Fire Protection is the only department in the Governmental Fund.

### ***Analysis for the Year Ended June 30, 2017:***

The final budget projected a net increase in fund balance of \$105,380. The actual was a net increase of \$179,693. The notable variances for budget to actual are as follows:

- Property taxes revenue was \$114,135 higher than the budgeted amount.
- Hazard Abatement Program Revenue was \$9,154 higher than the budgeted amount.
- Other Revenues were \$117,494 higher than the budgeted amounts due to the reimbursement for Fire services provided outside the District.
- Salaries and wages were \$111,771 higher than the budgeted amount due to the fire services provided outside the District.

### ***Analysis for the Year Ended June 30, 2016:***

The final budget projected a net decrease in fund balance of \$(32,526). The actual was a net increase of \$51,783. The notable variances for budget to actual are as follows:

- Hazard Abatement Program Revenue was \$18,849 higher than the budgeted amount.
- Other Revenues were \$64,428 higher than the budgeted amounts due to the reimbursement for Fire services provided outside the District.
- Salaries and wages were \$129,980 higher than the budgeted amount due to higher compensated absences payouts.

## CAPITAL ASSETS

The Running Springs Water District's investment in capital assets as of June 30, 2017 and 2016 amounts to \$21,261,809 and \$21,102,053 (net of accumulated depreciation) respectively. The investment at June 30, 2017 represents a net increase (including additions and deductions) of 1% compared to an increase of 14% for the year ended June 30, 2016. The investment in capital assets includes land, buildings, improvements, water systems, sewer collection and treatment systems, fire trucks, ambulances, trucks, automobiles, machinery, equipment, and office furniture and equipment.

### Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities			Business-Type Activities			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Land and Land Rights	\$ 414,676	\$ 414,676	\$ 414,676	\$ 1,014,656	\$ 1,014,656	\$ 1,014,656	\$ 1,429,332	\$ 1,429,332	\$ 1,429,332
Construction in Progress	-	-	-	503,733	3,986,213	787,227	503,733	3,986,213	787,227
Structures and Improvements	127,128	111,193	121,443	-	-	-	127,128	111,193	121,443
Water Plant and Facilities	-	-	-	6,647,943	5,637,325	5,843,886	6,647,943	5,637,325	5,843,886
Sewer Plant and Facilities	-	-	-	11,805,143	9,142,866	9,500,589	11,805,143	9,142,866	9,500,589
Fire Trucks and Mounted Equipment	280,185	335,492	391,664	-	-	-	280,185	335,492	391,664
Trucks and Automobiles	-	-	-	335,634	380,526	269,198	335,634	380,526	269,198
Special Purpose Equipment	31,266	43,388	56,753	-	-	-	31,266	43,388	56,753
Furniture and Equipment	-	-	-	80,301	31,853	34,722	80,301	31,853	34,722
Office Equipment	19,543	374	518	-	-	-	19,543	374	518
Shop and Station Equipment	726	1,113	1,518	-	-	-	726	1,113	1,518
Communication Equipment	875	2,378	3,967	-	-	-	875	2,378	3,967
<b>Total</b>	<b>\$ 874,399</b>	<b>\$ 908,614</b>	<b>\$ 990,539</b>	<b>\$ 20,387,410</b>	<b>\$ 20,193,439</b>	<b>\$ 17,450,278</b>	<b>\$ 21,261,809</b>	<b>\$ 21,102,053</b>	<b>\$ 18,440,817</b>

The most significant construction-in-progress jobs open at June 30, 2017 include the following:

- Tyler/Incode Account Receivable Module implementation
- Automated Meter Reader (AMR) installation
- Wastewater Treatment Plant Membrane Bioreactor (MBR) Upgrade

Additional information on the Running Springs Water District's capital assets can be found in Note 5 on pages 48-51 of the Basic Financial Statements.

## NONCURRENT LIABILITIES

The District's noncurrent liabilities at June 30, 2017 and 2016 are \$10,444,985 and \$8,749,912 respectively. During 2017, the District paid off 2001 Sewer Treatment Installment Payable loan. During 2016, the District incurred expenses related to the State Water Resources Control Board Installment Payable 2014 and Ambulance Municipal Finance Corporation Installment Payable 2016. These loans increased the noncurrent liabilities by \$2,021,373 and \$35,000, respectively. Other than the net pension liability, both 2017 and 2016 liabilities included compensated absences and bonds payable (net of all amounts due within one year).

### Noncurrent Liabilities

	2017	2016	2015
<b>Governmental Activities:</b>			
Compensated Absences	\$ 90,843	\$ 89,754	\$ 97,000
Net Pension Liability	2,899,099	2,402,353	2,180,323
Total	<u>2,989,942</u>	<u>2,492,107</u>	<u>2,277,323</u>
Less: Current Portion	(18,169)	(31,579)	(49,741)
Noncurrent Portion	<u>2,971,773</u>	<u>2,460,528</u>	<u>2,227,582</u>
<b>Business-Type Activities:</b>			
<b>Bonds and Notes Payable:</b>			
Sewer Treatment, 2001 Installment Payable	-	181,450	354,579
Sewer Treatment, SWRCB 2014 Installment Payable	2,799,936	2,141,451	120,078
Water Supply, 2015 Installment Payable, Ayers	454,313	502,963	550,000
Ambulance, 2016 Installment Payable	28,477	35,000	-
Total Bonds and Notes Payable	<u>3,282,726</u>	<u>2,860,864</u>	<u>1,024,657</u>
Compensated Absences	307,649	259,869	220,883
Net Pension Liability	4,124,914	3,462,011	2,893,234
Less: Current Portion	(242,077)	(293,360)	(257,255)
Noncurrent Portion	<u>7,473,212</u>	<u>6,289,384</u>	<u>3,881,519</u>
<b>Government-Wide Summary</b>			
Compensated Absences	398,492	349,623	317,883
Net Pension Liability	7,024,013	5,864,364	5,073,557
Bonds and Notes Payable:	<u>3,282,726</u>	<u>2,860,864</u>	<u>1,024,657</u>
Totals	<u>10,705,231</u>	<u>9,074,851</u>	<u>6,416,097</u>
Less: Current Portion	(260,246)	(324,939)	(306,996)
Noncurrent Portion	<u>\$10,444,985</u>	<u>\$8,749,912</u>	<u>\$6,109,101</u>

The District paid principal payments on the bonds and notes payable of \$236,623 during the year ended June 30, 2017 and \$220,166 during the year ended June 30, 2016, respectively.

Additional information on the Running Springs Water District's noncurrent liabilities can be found in Note 7 on pages 52-55 of the Basic Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Running Springs Water District is located where there is not much opportunity for growth in the form of new development. The District provides mutual fire service aid to Green Valley Lake and Arrowbear with no financial compensation and incurs shared wastewater transportation, treatment and disposal costs for upstream users who are billed for reimbursement.

For the fiscal years ending 2015-2019 water rates were adjusted to increase revenue to cover operating expenses and fund operating and capital reserve funds. There rate increases were needed in order to fund several deferred capital replacement projects, to replace aging infrastructure and to fund cash reserves to the levels set forth in the District's Cash Reserve Policy.

The Residential and Commercial Sewer Monthly Base Charges were also increased for the fiscal years ending 2015-2019. The increase in wastewater rates is primarily due to the loss of the non-operating revenue that has been collected since 2002 from the County of San Bernardino for the disposal of leachate from the Heap's Peak landfill. The loss of this non-operating revenue along with the need to move forward with several deferred capital replacement projects that were identified in the District's Wastewater Master Plan, including the replacement of aging infrastructure that has been deferred, was the driving force for these rate increases.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Running Springs Water District's finances for all those with an interest in the District's finances. Questions concerning this report or requests for additional financial information should be addressed to the General Manager, Running Springs Water District, PO Box 2206, Running Springs, California, 92382.



## **BASIC FINANCIAL STATEMENTS**

**Running Springs Water District**  
**Statements of Net Position**  
June 30, 2017 and 2016

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	2017	2016	2017	2016
<b>ASSETS</b>				
Cash	\$ 133,425	\$ 459,549	\$ 1,000	\$ 1,000
Temporary Investments	1,334,521	821,155	935,927	308,031
Receivables:				
Customers - Net of Allowance	-	-	848,679	825,715
Other	17,301	14,899	106,348	107,497
Taxes	42,034	45,980	2,153	1,647
Interest	5,023	-	1,129	883
Materials and Supplies Inventory	-	-	86,581	88,430
Prepaid Expenses	869	-	4,731	-
Restricted Assets:				
Cash	10,691	10,691	373,875	500,679
Construction Receivables - Upstream Users	-	-	-	67,217
Capital Assets, Not Being Depreciated				
Land	414,676	414,676	1,014,656	1,014,656
Construction in Progress	-	-	503,733	3,986,213
Capital Assets Net of Accumulated Depreciation	459,723	493,938	18,869,021	15,192,570
Total Assets	<u>2,418,263</u>	<u>2,260,888</u>	<u>22,747,833</u>	<u>22,094,538</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>1,091,451</u>	<u>643,510</u>	<u>1,400,501</u>	<u>849,706</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	74,151	62,254	170,719	219,564
Interest Payable	-	-	4,392	7,242
Other Payables	-	-	27,646	16,209
Unearned Availability Charges	-	-	52,588	52,875
Long-term Liabilities Due Within One Year	18,169	31,579	242,077	293,360
Noncurrent Liabilities:				
Long-term Liabilities	2,971,773	2,460,528	7,473,212	6,289,384
Total Liabilities	<u>3,064,093</u>	<u>2,554,361</u>	<u>7,970,634</u>	<u>6,878,634</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>135,184</u>	<u>338,408</u>	<u>129,385</u>	<u>317,304</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	874,399	908,614	17,104,684	17,332,575
Restricted For Debt Service	-	-	234,484	169,579
Restricted for Wastewater Expansion	-	-	138,107	324,433
Restricted for Upstream Users	-	-	-	67,217
Unrestricted (deficit)	<u>(563,962)</u>	<u>(896,985)</u>	<u>(1,428,960)</u>	<u>(2,145,498)</u>
Total Net Position	<u>\$ 310,437</u>	<u>\$ 11,629</u>	<u>\$ 16,048,315</u>	<u>\$ 15,748,306</u>

<b>Total</b>	
2017	2016
\$ 134,425	\$ 460,549
2,270,448	1,129,186
848,679	825,715
123,649	122,396
44,187	47,627
6,152	883
86,581	88,430
5,600	-
384,566	511,370
-	67,217
1,429,332	1,429,332
503,733	3,986,213
19,328,744	15,686,508
<u>25,166,096</u>	<u>24,355,426</u>
<u>2,491,952</u>	<u>1,493,216</u>
244,870	281,818
4,392	7,242
27,646	16,209
52,588	52,875
260,246	324,939
10,444,985	8,749,912
<u>11,034,727</u>	<u>9,432,995</u>
<u>264,569</u>	<u>655,712</u>
17,979,083	18,241,189
234,484	169,579
138,107	324,433
-	67,217
<u>(1,992,922)</u>	<u>(3,042,483)</u>
<u>\$ 16,358,752</u>	<u>\$ 15,759,935</u>

**Running Springs Water District**  
**Statement of Activities**  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Fire Protection	\$ 1,609,731	\$ 150,848	\$ -	\$ 5,710
<b>Business-type Activities:</b>				
Water	1,823,584	1,906,259	-	5,382
Ambulance	785,220	619,892	59,977	-
Sewer	1,913,592	2,114,379	-	12,042
<b>Total Business-type Activities</b>	<b>4,522,396</b>	<b>4,640,530</b>	<b>59,977</b>	<b>17,424</b>
<b>Total Primary Government</b>	<b>\$ 6,132,127</b>	<b>\$ 4,791,378</b>	<b>\$ 59,977</b>	<b>\$ 23,134</b>

General Revenues:  
Property Taxes  
Special Assessments - Availability Charges  
Investment Earnings  
Leasing Revenue  
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue  
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,453,173)	\$ -	\$ (1,453,173)
-	88,057	88,057
-	(105,351)	(105,351)
-	212,829	212,829
-	195,535	195,535
(1,453,173)	195,535	(1,257,638)
1,539,135	-	1,539,135
201,264	59,755	261,019
11,582	5,041	16,623
-	10,636	10,636
-	29,042	29,042
1,751,981	104,474	1,856,455
298,808	300,009	598,817
11,629	15,748,306	15,759,935
<u>\$ 310,437</u>	<u>\$ 16,048,315</u>	<u>\$ 16,358,752</u>

**Running Springs Water District**  
**Statement of Activities**  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Fire Protection	\$ 1,721,284	\$ 114,977	\$ -	\$ 5,423
<b>Business-type Activities:</b>				
Water	1,757,591	1,751,686	-	5,382
Ambulance	505,918	517,965	156,691	-
Sewer	1,939,901	2,029,158	-	30,877
<b>Total Business-type Activities</b>	<b>4,203,410</b>	<b>4,298,809</b>	<b>156,691</b>	<b>36,259</b>
<b>Total Primary Government</b>	<b>\$ 5,924,694</b>	<b>\$ 4,413,786</b>	<b>\$ 156,691</b>	<b>\$ 41,682</b>

General Revenues:  
Property Taxes  
Special Assessments - Availability Charges  
Investment Earnings  
Leasing Revenue  
Gain on Sale of Capital Assets  
Miscellaneous  
Transfers

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue  
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,600,884)	\$ -	\$ (1,600,884)
-	(523)	(523)
-	168,738	168,738
-	120,134	120,134
-	288,349	288,349
(1,600,884)	288,349	(1,312,535)
1,483,527	-	1,483,527
205,122	60,971	266,093
3,659	7,794	11,453
-	10,432	10,432
-	-	-
-	78,810	78,810
-	-	-
1,692,308	158,007	1,850,315
91,424	446,356	537,780
(79,795)	15,301,950	15,222,155
<u>\$ 11,629</u>	<u>\$ 15,748,306</u>	<u>\$ 15,759,935</u>

**Running Springs Water District**  
**Balance Sheets**  
**Governmental Fund - Fire Protection**  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash	\$ 133,425	\$ 459,549
Temporary Investments	1,334,521	821,155
Restricted Cash	10,691	10,691
Accounts Receivable:		
Fire Availability Charges and Other	17,301	14,899
Taxes Receivable	42,034	45,980
Interest Receivable	5,023	-
Prepaid Expenses	869	-
	<b>\$ 1,543,864</b>	<b>\$ 1,352,274</b>
Total Assets	<b>\$ 1,543,864</b>	<b>\$ 1,352,274</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ 74,151	\$ 62,254
	74,151	62,254
Total Liabilities	74,151	62,254
Fund Balances:		
Nonspendable:		
Prepays	869	-
Committed:		
Equipment Replacement - General	12,188	12,188
Equipment Replacement - Breathing Apparatus	76,923	76,923
Assigned:		
Workers' Compensation Fund	12,432	12,956
Unassigned	1,367,301	1,187,953
	1,469,713	1,290,020
Total Fund Balances	1,469,713	1,290,020
Total Liabilities and Fund Balances	<b>\$ 1,543,864</b>	<b>\$ 1,352,274</b>

The accompanying notes are an integral part of this statement.



**Running Springs Water District**  
**Reconciliation of the Balance Sheets to the Statements of Net Position**  
**Governmental Fund**  
June 30, 2017 and 2016

	2017	2016
Fund balances - total governmental fund	\$ 1,469,713	\$ 1,290,020
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Capital Assets	2,245,520	2,199,211
Accumulated Depreciation	(1,371,121)	(1,290,597)
<p>Amounts for deferred inflows and deferred outflows related to the District's Net Pension Liability are not reported in the funds.</p>		
Deferred Outflows Related to Pensions	1,091,451	643,510
Deferred Inflows Related to Pensions	(135,184)	(338,408)
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Compensated Absences	(90,843)	(89,754)
Net Pension Liability	(2,899,099)	(2,402,353)
Net Position of Governmental Activities	\$ 310,437	\$ 11,629

The accompanying notes are an integral part of this statement.

**Running Springs Water District**  
**Statements of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Fund - Fire Protection**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>REVENUES</b>		
Property Taxes	\$ 1,539,135	\$ 1,483,527
Assessments - Fire Availability Charges	201,264	205,122
Hazard Abatement Program Revenue	16,654	6,458
Other Revenue	134,194	108,519
Interest Revenue	11,582	3,659
Intergovernmental Revenue	5,710	5,423
Total Revenues	1,908,539	1,812,708
 <b>EXPENDITURES</b>		
Salaries and Wages	852,403	992,849
Director Fees	1,868	9,436
Employee Benefits	534,416	472,496
Payroll Taxes	12,141	14,065
Community Relations - Fire Prevention	2,703	2,643
Dispatching	45,682	43,375
Education, Training	5,030	7,573
Hazard Abatement	7,934	563
Insurance	54,880	89,922
Maintenance:		
Automotive Equipment	22,971	22,167
Building	6,714	6,379
Memberships	3,360	7,641
Miscellaneous	6,961	4,305
Office	4,450	4,067
Professional Services	32,365	32,145
Safety Clothing and Personal Supplies	35,543	27,275
Utilities	22,700	23,624
General Operating Expenses Allocated from Water Department -		
Salaries, Utilities, etc.	30,416	32,926
Capital Outlay	46,309	-
Total Expenditures	1,728,846	1,793,451
Excess (Deficiency) of Revenues Over Expenditures	179,693	19,257
Net Change in Fund Balances	179,693	19,257
Fund Balance, Beginning of Year	1,290,020	1,270,763
Fund Balance, End of Year	\$ 1,469,713	\$ 1,290,020

**Running Springs Water District**  
**Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund**  
**Balance of Governmental Fund to the Statements of Activities**  
Years Ended June 30, 2017 and 2016

	2017	2016
Net change in fund balances - governmental fund	\$ 179,693	\$ 19,257
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital Outlay	46,309	-
Depreciation	(80,524)	(81,925)
Amounts for deferred inflows and deferred outflows related to the District's net pension liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability.		
Deferred Outflows Related to Pensions	447,941	153,977
Deferred Inflows Related to Pensions	203,224	214,899
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences	(1,089)	7,246
Net Pension Liability	(496,746)	(222,030)
Change in Net Position of Governmental Activities	\$ 298,808	\$ 91,424

The accompanying notes are an integral part of this statement.

**Running Springs Water District**  
**Statements of Net Position**  
**Proprietary Fund - Water, Ambulance and Sewer Departments**  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,000	\$ 1,000
Temporary Investments	935,927	308,031
Receivables:		
Customers - Net of Allowances	848,679	825,715
Other	106,348	107,497
Taxes	2,153	1,647
Interest	1,129	883
Material and Supplies Inventory	86,581	88,430
Prepaid Expenses	4,731	-
Restricted:		
Cash	373,875	500,679
Construction Receivable - Upstream Users	-	67,217
Total Current Assets	2,360,423	1,901,099
Noncurrent Assets:		
Capital Assets Not Being Depreciated:		
Land	1,014,656	1,014,656
Construction in Progress	503,733	3,986,213
Capital Assets, Net of Accumulated Depreciation	18,869,021	15,192,570
Total Noncurrent Assets	20,387,410	20,193,439
Total Assets	22,747,833	22,094,538
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Related Items	1,400,501	849,706
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	170,719	219,564
Interest Payable	4,392	7,242
Other Payables	27,646	16,209
Unearned Availability Charges	52,588	52,875
Current Portion of Long-term Liabilities	242,077	293,360
Total Current Liabilities	497,422	589,250
Noncurrent Liabilities:		
Noncurrent Portion of Long-term Liabilities	7,473,212	6,289,384
Total Noncurrent Liabilities	7,473,212	6,289,384
Total Liabilities	7,970,634	6,878,634
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Related Items	129,385	317,304
<b>NET POSITION</b>		
Net Investment in Capital Assets	17,104,684	17,332,575
Restricted for Debt Service	234,484	169,579
Restricted for Wastewater Expansion	138,107	324,433
Restricted for Upstream Users	-	67,217
Unrestricted (deficit)	(1,428,960)	(2,145,498)
Total Net Position	\$ 16,048,315	\$ 15,748,306

**Running Springs Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund - Water, Ambulance and Sewer Departments**  
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Water Department	\$ 1,906,259	\$ 1,751,686
Ambulance Department	679,869	674,656
Sewer Department	<u>2,105,870</u>	<u>2,029,158</u>
 Total Operating Revenues	 <u>4,691,998</u>	 <u>4,455,500</u>
<b>OPERATING EXPENSES</b>		
Water Department	1,807,352	1,740,121
Ambulance Department	784,077	505,782
Sewer Department	<u>1,909,468</u>	<u>1,927,347</u>
 Total Operating Expenses	 <u>4,500,897</u>	 <u>4,173,250</u>
 Operating Income (Loss)	 <u>191,101</u>	 <u>282,250</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Leasing Revenue	10,636	10,432
Assessments - Water and Sewer Availability Charges	59,755	60,971
Interest	5,041	7,794
Leachate Loads	8,509	-
Miscellaneous	29,042	78,810
Interest on Long-term Debt	<u>(21,499)</u>	<u>(30,160)</u>
 Total Nonoperating Revenue (Expenses)	 <u>91,484</u>	 <u>127,847</u>
 Income (Loss) Before Transfers and Capital Contributions	 282,585	 410,097
Capital Contributions - Sewer	12,042	30,877
Capital Contributions - Water	<u>5,382</u>	<u>5,382</u>
 Change in Net Position	 300,009	 446,356
 Net Position, Beginning of Year	 <u>15,748,306</u>	 <u>15,301,950</u>
 Net Position, End of Year	 <u><u>\$ 16,048,315</u></u>	 <u><u>\$ 15,748,306</u></u>

**Running Springs Water District**  
**Statements of Cash Flows**  
**Proprietary Fund - Water, Ambulance and Sewer Departments**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 4,669,034	\$ 4,449,640
Cash Payments for Employee Services	(2,527,792)	(2,231,226)
Cash Paid to Suppliers	(1,234,834)	(1,298,180)
Other Revenue	47,681	91,147
Net Cash Provided (Used) by Operating Activities	954,089	1,011,381
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Availability Charges	60,617	32,489
Net Cash Provided (Used) by Non-Capital Financing Activities	60,617	32,489
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(1,000,563)	(3,398,387)
Proceeds from Installments Payable	658,485	2,056,373
Capital Contributions	84,641	113,199
Principal Payments on Debt	(236,623)	(220,166)
Interest Paid	(24,349)	(33,114)
Net Cash Provided (Used) by Capital and Related Financing Activities	(518,409)	(1,482,095)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	4,795	8,637
Net Cash Provided (Used) by Investing Activities	4,795	8,637
Net Increase (Decrease) in Cash and Cash Equivalents	501,092	(429,588)
Cash and Cash Equivalents, Beginning of Year	809,710	1,239,298
Cash and Cash Equivalents, End of Year	\$ 1,310,802	\$ 809,710
<b>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>		
Current Assets:		
Cash	\$ 1,000	\$ 1,000
Temporary Investments	935,927	308,031
Restricted Cash	373,875	500,679
Totals	\$ 1,310,802	\$ 809,710

**Running Springs Water District**  
**Statements of Cash Flows**  
**Proprietary Fund - Water, Ambulance and Sewer Departments - Continued**  
Years Ended June 30, 2017 and 2016

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	<u>2017</u>	<u>2016</u>
Operating Income (Loss)	\$ 191,101	\$ 282,250
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:		
Depreciation	698,935	737,513
Other Income	47,681	91,147
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(22,964)	(5,860)
(Increase) Decrease in Prepaid Expenses	(4,731)	-
(Increase) Decrease in Inventory	1,849	1,927
(Increase) Decrease in Deferred Outflows - Pensions	(550,796)	(357,015)
Increase (Decrease) in Accounts Payable	42,246	(25,383)
Increase (Decrease) in Accrued Wages and Related Liabilities	28,003	(5,716)
Increase (Decrease) in Compensated Absences	47,780	38,986
Increase (Decrease) in Net Pension Liability	662,903	568,777
Increase (Decrease) in Deferred Inflows - Pensions	<u>(187,918)</u>	<u>(315,245)</u>
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 954,089</u></u>	<u><u>\$ 1,011,381</u></u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets on Account	\$ -	\$ 107,657

**Running Springs Water District**  
**Statements of Fiduciary Assets and Liabilities**  
**Agency Fund (Assessment Districts)**  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash with Fiscal Agent	\$ 118,031	\$ 117,906
Temporary Investments	290,483	246,151
Total Assets	\$ 408,514	\$ 364,057
<b>LIABILITIES</b>		
Accounts Payable	\$ 764	\$ -
Due to Bondholders	407,750	364,057
Total Liabilities	\$ 408,514	\$ 364,057



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Business and Reporting Entity**

The Running Springs Water District (the "District") was organized on March 17, 1958 under authority of the California Water Code. The District has been engaged in financing, constructing, operating, maintaining and furnishing water service to its customers since inception. In 1962, the District established a fire department to provide fire protection for the area included in the Water District. In 1976, the sewage disposal system was completed to provide sewer service for the District. An ambulance service has been provided by the District since 1983. In 2005, the Board adopted Ordinance No. 26 which provides authorization for the removal of dead or dying trees. The District is governed by a five-member Board of Directors whose members are elected by the registered voters in the District to staggered four-year terms.

The Board of Directors and officers of the District at June 30, 2017 are as follows:

NAME	OFFICER	TERM EXPIRES
Kenneth Ayers	President	December 2018
Pamella Bennett	Vice-President	December 2018
Michael Terry	Director	December 2020
Tony Grabow	Director	December 2018
Errol Mackzum	Director	December 2018
Ryan Gross	General Manager	
Joan Eaton	Secretary/Treasurer	

The Board of Directors meets on the third Wednesday of each month.

**Reporting Entity**

In determining the agencies or entities which comprise the governmental entity for financial reporting purposes, the criteria of oversight responsibility over such entities, special financing relationships and scope of public service provided by the entities are used. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, the District has no component units at this time.

**B. Government-Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. Government-Wide and Fund Financial Statements - Continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund, proprietary fund and fiduciary fund.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fire assessment taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. Only that portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The District reports the following major governmental fund:

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued**

The *Fire Protection Fund* - used to account for all activities relating to the District's Fire department.

The District reports a single *proprietary fund* - used to account for the operations of the Water, Sewer and Ambulance departments.

Additionally, the District reports an *Agency Fund* which is used to account for assets held by the District as an agent for property owners.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Donated plant and cash received for capital improvement without the requirement that the District give resources in exchange are recorded as contributions.

**D. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently has three items that qualify for reporting in this category. Each of these items are a result of the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Note 9 – Pension Plans for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, that

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Deferred Outflows/Inflows of Resources - Continued**

qualifies for reporting in this category and is the result of the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

**E. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

**F. Cash and Investments**

Investments for the District are reported at fair value.

For purposes of reporting changes in cash flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

**G. Customer Billings and Allowance for Uncollectible Accounts**

Customers are billed on a monthly basis and the related revenues are recorded when customers are billed. Unbilled services are accrued at year-end.

Ambulance customers are billed after service has been provided. The District provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of the ambulance receivables. The allowance for uncollectible ambulance fees was \$1,558,274 and \$1,427,840 at June 30, 2017 and 2016, respectively.

**H. Inventories**

Inventories of materials and supplies, consisting of parts used for utility plant construction and repair, are carried at cost using the first-in, first-out method.

**I. Restricted Assets**

The District holds certain funds which are restricted for specific purposes. These restricted funds consist principally of construction receivable - upstream users (for debt service payments and repayment of funds advanced by the District for the water treatment expansion), debt service reserve requirements, and wastewater expansion charges collected. These funds are not available for general operations.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year except for movable assets (assets that are freestanding and movable - vehicles, furniture, software and equipment) which are capitalized with initial cost of \$1,000 or more. As the District acquires or constructs capital assets they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. For the current fiscal year no interest was capitalized. Total interest charged to expense for the 2016-17 and 2015-16 fiscal years was \$21,499 and \$30,160, respectively.

Capital contributions represent cash or capital asset additions contributed to the District by property owners or developers desiring service that require capital expenditures or capacity commitment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Plant and Facilities	20 - 75
Furniture and Equipment	3 - 10
Trucks and Automobiles	5

**K. Compensated Absences Liability**

Employees are entitled to accumulate vacation leave. The total accumulated vacation time shall not exceed the total hours accrued in the preceding year in addition to the current year's accrual. Once the maximum limit is reached, all further accruals will cease until after an employee has taken vacation and his or her accrued vacation has dropped below the maximum limit. Upon termination of employment for any reason, the District shall compensate the employee for his/her accumulated vacation time at his/her straight time rate of pay at the time of termination. If an employee has reached the maximum accrual limit and is unable to take vacation because of the Department's workload, the following alternatives may be made available: (1) the General Manager may approve a waiver on the limit of maximum hours that may be accrued; or (2) the employee may request that the District buy back the unused vacation time, in accordance with the District's personnel policy manual. Any determinations in this regard are at the sole discretion of the General Manager.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K. Compensated Absences Liability - Continued**

Regular full-time 40-hour week employees accrue 8 hours of sick time per month while 24-hour shift regular full-time employees accrue 12 hours of sick time per month. Upon termination of employment accrued sick time is only paid out based on an approved District formula to eligible employees who have 10 or more years of continuous service with the District and voluntarily terminate their employment with the District.

In accordance with generally accepted accounting principles, the liability for the above accruals is reflected on the government-wide and proprietary fund financial statements, and the current year allocation has been expensed.

**L. Fund Balance**

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the Board of Directors by ordinance or resolution to formally commit part of the Fire Fund's fund balance or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Board of Director's action utilizing the same type of action that was originally used.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L. Fund Balance - Continued**

Assigned Fund Balance - Amounts that are constrained by the Board's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The District's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the General Manager.

Unassigned Fund Balance - These are either residual positive net resources of the Fire Fund in excess of what can properly be classified in one of the other four categories, or negative balances.

**M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

**N. Property Tax**

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1	
Levy Year	July 1 to June 30	
Due Dates	November 1	1st Installment
	February 1	2nd Installment
Delinquent Dates	December 10	1st Installment
	April 10	2nd Installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to agencies based on complex formulas prescribed by state statutes.

**O. Reclassifications**

Certain amounts in the June 30, 2016 financial statements have been reclassified to conform to the June 30, 2017 presentation.



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**P. New Accounting Pronouncements**

The Governmental Accounting Standards Board has issued the following Statements, which may affect the District's financial reporting requirements in the future:

*GASB 83:* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

*GASB 86:* This Statement establishes reporting requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

*GASB 87:* This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**Q. Pensions**

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

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**2) CASH AND TEMPORARY INVESTMENTS**

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

	Government Wide Statement of Net Position	Statement of Fiduciary Assets and Liabilities	2017 Total	2016 Total
Cash	\$ 134,425	\$ -	\$ 134,425	\$ 460,549
Temporary Investments	2,270,448	290,483	2,560,931	1,375,337
Restricted Cash	384,566	-	384,566	511,370
Cash with Fiscal Agent	-	118,031	118,031	117,906
<b>Total</b>	<b>\$ 2,789,439</b>	<b>\$ 408,514</b>	<b>\$ 3,197,953</b>	<b>\$ 2,465,162</b>

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

	2017	2016
Deposits with Financial Institutions	\$ 150,783	\$ 476,907
Petty Cash	1,000	1,000
Local Agency Investment Fund (LAIF)	2,928,139	1,869,349
Held by Bond Trustee:		
Money Market Fund	118,031	117,906
<b>Total Cash and Investments</b>	<b>\$ 3,197,953</b>	<b>\$ 2,465,162</b>

**Restricted Cash**

As of June 30, 2017 and 2016, the District had the following cash balances restricted for specific purposes:

	Restricted Cash	
Restricted for:	2017	2016
Workers' Compensation Insurance Claims	\$ 17,358	\$ 17,358
SRF Loan Debt Service Reserve	234,484	169,579
Water and Wastewater Capacity Expansion	132,724	324,433
<b>Total</b>	<b>\$ 384,566</b>	<b>\$ 511,370</b>

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

The District's investment policy authorizes investment in the LAIF. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. Cash and investments held and invested by fiscal agents on behalf of the District are pledged for payment or security of certain long-term debt issuances. Fiscal agents are mandated by bond indentures as to the types of investments in which such funds can be invested.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**2) CASH AND TEMPORARY INVESTMENTS – Continued**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rates risk by limiting its investments in the State’s investment pool.

As of June 30, 2017 and 2016, the District had the following investments:

	2017 Amount	2017 Maturity Date 12 Months or Less	2016 Amount	2016 Maturity Date 12 Months or Less
LAIF	\$ 2,928,139	\$ 2,928,139	\$ 1,869,349	\$ 1,869,349
Held by Bond Trustee:				
Money Market Fund	118,031	118,031	117,906	117,906
Total	<u>\$ 3,046,170</u>	<u>\$ 3,046,170</u>	<u>\$ 1,987,255</u>	<u>\$ 1,987,255</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	2017 Amount	Minimum Legal Rating	Aaa	Not Rated	2016 Amount
LAIF	\$ 2,928,139	None	\$ -	\$ 2,928,139	\$ 1,869,349
Held by Bond Trustee:					
Money Market Fund	118,031	N/A	118,031	-	117,906
Total	<u>\$ 3,046,170</u>		<u>\$ 118,031</u>	<u>\$ 2,928,139</u>	<u>\$ 1,987,255</u>

**Concentration of Credit Risk**

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2017 and 2016, the District had no investments in any one issuer (other than external pools) that represent 5% or more of total District investments.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**2) CASH AND TEMPORARY INVESTMENTS – Continued**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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 to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, the District did not have any deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

**Fair Value of Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments subject to GASB 72 fair value measurements.

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value 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. Each local government may invest up to \$65,000,000 in the Fund. Investments in LAIF are highly liquid assets and are secured by the full faith and credit of the State of California. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**3) ACCOUNTS RECEIVABLE - CUSTOMERS**

Accounts receivable from customers consists of the following at June 30, 2017 and 2016:

	June 30, 2017	June 30, 2016
Customers - Water and Sewer	\$ 397,276	\$ 349,485
Ambulance Receivable	2,009,677	1,904,070
Allowance for Uncollectible Ambulance Charges	(1,558,274)	(1,427,840)
	\$ 848,679	\$ 825,715

Management considers the receivables from water and sewer customers to be fully collectible; accordingly, no allowance for doubtful accounts for water and sewer customers has been established.

**4) OTHER RECEIVABLES**

Other receivables consist of the following at June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Availability Charges	\$ 17,301	\$ 14,852	\$ 24,614	\$ 25,579
Brookings Mutual Water	-	-	320	320
Upstream Users - CSA79 and Arrowbear	-	-	81,414	81,598
Miscellaneous	-	47	-	-
Total	\$ 17,301	\$ 14,899	\$ 106,348	\$ 107,497

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**5) CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land and Land Rights	\$ 414,676	\$ -	\$ -	\$ 414,676
Total Capital Assets Not Depreciated	414,676	-	-	414,676
Capital Assets Being Depreciated:				
Structures and Improvements	400,461	27,000	-	427,461
Fire Trucks and Mounted Equipment	1,074,096	-	-	1,074,096
Special Purpose Equipment	280,482	-	-	280,482
Office Equipment	7,133	19,309	-	26,442
Shop and Station Equipment	11,255	-	-	11,255
Communication Equipment	11,108	-	-	11,108
Total Capital Assets Being Depreciated	1,784,535	46,309	-	1,830,844
Less Accumulated Depreciation:				
Structures and Improvements	(289,268)	(11,066)	-	(300,334)
Fire Trucks and Mounted Equipment	(738,604)	(55,307)	-	(793,911)
Special Purpose Equipment	(237,094)	(12,122)	-	(249,216)
Office Equipment	(6,759)	(140)	-	(6,899)
Shop and Station Equipment	(10,142)	(387)	-	(10,529)
Intangible Assets	-	-	-	-
Communication Equipment	(8,730)	(1,503)	-	(10,233)
Total Accumulated Depreciation	(1,290,597)	(80,524)	-	(1,371,121)
Total Capital Assets Being Depreciated, Net	493,938	(34,215)	-	459,723
Governmental Activities Capital Assets, Net	<u>\$ 908,614</u>	<u>\$ (34,215)</u>	<u>\$ -</u>	<u>\$ 874,399</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**5) CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Depreciated				
Land and Land Rights	\$ 1,014,656	\$ -	\$ -	\$ 1,014,656
Construction in Progress	3,986,213	912,396	(4,394,876)	503,733
<b>Total Capital Assets Not Depreciated</b>	<b>5,000,869</b>	<b>912,396</b>	<b>(4,394,876)</b>	<b>1,518,389</b>
Capital Assets Being Depreciated:				
Water Plant and Facilities	9,935,451	1,197,031	-	11,132,482
Sewer Plant and Facilities	17,471,741	3,080,798	-	20,552,539
Furniture and Equipment	285,133	97,557	-	382,690
Trucks and Automobiles	1,591,713	-	-	1,591,713
<b>Total Capital Assets Being Depreciated</b>	<b>29,284,038</b>	<b>4,375,386</b>	<b>-</b>	<b>33,659,424</b>
Less Accumulated Depreciation:				
Water Plant and Facilities	(4,298,126)	(186,413)	-	(4,484,539)
Sewer Plant and Facilities	(8,328,875)	(418,521)	-	(8,747,396)
Furniture and Equipment	(253,280)	(49,109)	-	(302,389)
Trucks and Automobiles	(1,211,187)	(44,892)	-	(1,256,079)
<b>Total Accumulated Depreciation</b>	<b>(14,091,468)</b>	<b>(698,935)</b>	<b>-</b>	<b>(14,790,403)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>15,192,570</b>	<b>3,676,451</b>	<b>-</b>	<b>18,869,021</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 20,193,439</b>	<b>\$ 4,588,847</b>	<b>\$ (4,394,876)</b>	<b>\$ 20,387,410</b>

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

Governmental Activities:	
Fire Protection	\$ 80,524
Business-type Activities	698,935

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**5) CAPITAL ASSETS - Continued**

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land and Land Rights	\$ 414,676	\$ -	\$ -	\$ 414,676
Total Capital Assets Not Depreciated	414,676	-	-	414,676
Capital Assets Being Depreciated:				
Structures and Improvements	400,461	-	-	400,461
Fire Trucks and Mounted Equipment	1,074,096	-	-	1,074,096
Special Purpose Equipment	302,445	-	(21,963)	280,482
Office Equipment	15,169	-	(8,036)	7,133
Shop and Station Equipment	11,255	-	-	11,255
Communication Equipment	11,108	-	-	11,108
Total Capital Assets Being Depreciated	1,814,534	-	(29,999)	1,784,535
Less Accumulated Depreciation:				
Structures and Improvements	(279,018)	(10,250)	-	(289,268)
Fire Trucks and Mounted Equipment	(682,432)	(56,172)	-	(738,604)
Special Purpose Equipment	(245,692)	(13,365)	21,963	(237,094)
Office Equipment	(14,651)	(144)	8,036	(6,759)
Shop and Station Equipment	(9,737)	(405)	-	(10,142)
Communication Equipment	(7,141)	(1,589)	-	(8,730)
Total Accumulated Depreciation	(1,238,671)	(81,925)	29,999	(1,290,597)
Total Capital Assets Being Depreciated, Net	575,863	(81,925)	-	493,938
Governmental Activities				
Capital Assets, Net	\$ 990,539	\$ (81,925)	\$ -	\$ 908,614



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**5) CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Depreciated				
Land and Land Rights	\$ 1,014,656	\$ -	\$ -	\$ 1,014,656
Construction in Progress	787,227	3,380,255	(181,269)	3,986,213
<b>Total Capital Assets Not Depreciated</b>	<b>1,801,883</b>	<b>3,380,255</b>	<b>(181,269)</b>	<b>5,000,869</b>
Capital Assets Being Depreciated:				
Water Plant and Facilities	9,935,451	-	-	9,935,451
Sewer Plant and Facilities	17,392,643	79,098	-	17,471,741
Furniture and Equipment	273,688	11,445	-	285,133
Trucks and Automobiles	1,420,793	191,145	(20,225)	1,591,713
<b>Total Capital Assets Being Depreciated</b>	<b>29,022,575</b>	<b>281,688</b>	<b>(20,225)</b>	<b>29,284,038</b>
Less Accumulated Depreciation:				
Water Plant and Facilities	(4,091,565)	(206,561)	-	(4,298,126)
Sewer Plant and Facilities	(7,892,054)	(436,821)	-	(8,328,875)
Furniture and Equipment	(238,966)	(14,314)	-	(253,280)
Trucks and Automobiles	(1,151,595)	(79,817)	20,225	(1,211,187)
<b>Total Accumulated Depreciation</b>	<b>(13,374,180)</b>	<b>(737,513)</b>	<b>20,225</b>	<b>(14,091,468)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>15,648,395</b>	<b>(455,825)</b>	<b>-</b>	<b>15,192,570</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 17,450,278</b>	<b>\$ 2,924,430</b>	<b>\$ (181,269)</b>	<b>\$ 20,193,439</b>

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

Governmental Activities:	
Fire Protection	\$ 81,925
Business-type Activities	737,513

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**6) OTHER PAYABLES**

Other payables consist of the following at June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Grants Payable	\$ -	\$ -	\$ -	\$ 13,958
Customer Deposits	-	-	27,598	2,200
Miscellaneous	-	-	48	51
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,646</u>	<u>\$ 16,209</u>

**7) LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for the year ended June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 89,754	\$ 32,668	\$ 31,579	\$ 90,843	\$ 18,169
Net Pension Liability	2,402,353	496,746	-	2,899,099	-
Total	<u>\$ 2,492,107</u>	<u>\$ 529,414</u>	<u>\$ 31,579</u>	<u>\$ 2,989,942</u>	<u>\$ 18,169</u>
<b>Business-Type Activities</b>					
Sewer Treatment, 2001					
Installment Payable	\$ 181,450	\$ -	\$ 181,450	\$ -	\$ -
Sewer Treatment, SWRCB					
Installment Payable, 2014	2,141,451	658,485	-	2,799,936	123,476
Water Supply, 2015					
Installment Payable, Ayers	502,963	-	48,650	454,313	50,318
Ambulance, 2016					
Installment Payable	35,000	-	6,523	28,477	6,753
Compensated Absences	259,869	104,517	56,737	307,649	61,530
Net Pension Liability	3,462,011	662,903	-	4,124,914	-
Total	<u>\$ 6,582,744</u>	<u>\$ 1,425,905</u>	<u>\$ 293,360</u>	<u>\$ 7,715,289</u>	<u>\$ 242,077</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**7) LONG-TERM LIABILITIES – Continued**

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 97,000	\$ 81,566	\$ 88,812	\$ 89,754	\$ 31,579
Net Pension Liability	2,180,323	546,930	324,900	2,402,353	-
Total	<u>\$ 2,277,323</u>	<u>\$ 628,496</u>	<u>\$ 413,712</u>	<u>\$ 2,492,107</u>	<u>\$ 31,579</u>
<b>Business-Type Activities</b>					
Sewer Treatment, 2001					
Installment Payable	\$ 354,579	\$ -	\$ 173,129	\$ 181,450	\$ 181,450
Sewer Treatment, SWRCB					
Installment Payable, 2014	120,078	2,021,373	-	2,141,451	-
Water Supply, 2015					
Installment Payable, Ayers	550,000	-	47,037	502,963	48,650
Ambulance, 2016					
Installment Payable	-	35,000	-	35,000	6,523
Compensated Absences	220,883	169,714	130,728	259,869	56,737
Net Pension Liability	2,893,234	920,650	351,873	3,462,011	-
Total	<u>\$ 4,138,774</u>	<u>\$ 3,146,737</u>	<u>\$ 702,767</u>	<u>\$ 6,582,744</u>	<u>\$ 293,360</u>

**2001 Installment Payable**

On December 21, 2001, the District issued Sewer Treatment 2001 Installment Payable in the amount of \$2,000,000 at 4.75% to pay for sewer treatment plant improvements. The installment payable is being repaid in thirty semi-annual installments with the first installment due September 21, 2002. Section 5.03 of the Installment Payable agreement requires the net revenues of the sewer department to exceed operating expenses (excluding depreciation) by at least 1.15 times the current year debt service payments. The installment was paid off during the fiscal year ended June 30, 2017.

**2014 SWRCB Installment Payable**

The District entered into an installment sale agreement as of May 15, 2015, with the California State Water Resources Control Board (SWRCB), to finance improvements to certain sewer lift stations (project). The SWRCB agreed to provide project funds of up to \$2,800,000, of which the District had received \$2,799,936 as of June 30, 2017. The District will be required to repay amounts borrowed upon completion of the project. Installment payments will include principal and interest at 1.9% per annum. The term of the agreement is from September 8, 2014 to July 31, 2036, and the following represents the future debt service requirements assuming the entire \$2,800,000 is drawn down upon project completion:

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**7) LONG-TERM LIABILITIES – Continued**

Year Ending June 30,	Principal	Interest
2018	\$ 123,476	\$ 45,667
2019	118,289	50,854
2020	120,537	48,607
2021	122,827	46,316
2022	125,160	43,983
2023-2027	662,390	183,325
2028-2032	727,754	117,961
2033-2037	799,567	46,147
Total	<u>\$ 2,800,000</u>	<u>\$ 582,860</u>

**2015 Installment Payable**

The District entered into an installment sale agreement on March 1, 2015, with the Municipal Finance Corporation, to finance the District’s share of the costs of constructing certain improvements to the water supply facilities. The District received \$550,000 under the agreement, which is to be repaid over a 10-year period, including interest at 3.4%. The District’s obligation to pay the installment payments is limited solely to the net revenues of the water enterprise. The net revenues, as defined by the installment agreement, are irrevocably pledged to the payment of the installment payments and any parity obligations. The District has covenanted to set rates and fees which are sufficient to yield net revenues which are at least equal to 115% of the aggregate amount of installment payments each year.

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2018	\$ 50,318	\$ 15,022
2019	52,043	13,297
2020	53,828	11,513
2021	55,674	9,667
2022	57,583	7,758
2023	59,557	5,784
2024	61,599	3,741
2025	63,711	1,629
Total	<u>\$ 454,313</u>	<u>\$ 68,411</u>

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**7) LONG-TERM LIABILITIES – Continued**

**2016 Ambulance Installment Payable**

On April 27, 2016, the District entered into an installment agreement with the Municipal Finance Corporation for the purchase of an ambulance. Installment payments are due in ten biannual payments, including interest at the rate of 3.5% per annum. Future debt service requirements for this installment agreement are as follows:

Year Ending June 30,	Principal	Interest
2018	\$ 6,753	\$ 938
2019	6,992	700
2020	7,238	453
2021	7,494	197
Total	\$ 28,477	\$ 2,288

**8) NO-COMMITMENT DEBT**

On July 21, 2003, the District issued \$1,361,000 limited obligation improvement bonds, Series 2003 for Assessment District No. 10. Interest ranging from 2.50% to 6.00% is payable semi-annually on March 2<sup>nd</sup> and September 2<sup>nd</sup> each year. The Bonds mature September 2<sup>nd</sup> commencing September 2, 2004 and continuing through 2023.

The Bonds are limited obligations of the District payable solely from the installments of unpaid assessments levied on the assessment parcels within the District and other funds pledged under the fiscal agent agreement. The District shall only be obligated to pay the principal of the Bonds, or the interest thereon, from funds described in the Indenture and neither the faith and credit nor the taxing power of the District, the State of California or any of its political subdivisions is pledged to the payment of principal or the interest on the Bonds. Therefore none of the limited obligation improvement bonds have been included in the accompanying financial statements. As of June 30, 2017, there were outstanding bonds of \$605,000.

The District in prior years received assessments for the payment of obligations for Assessment District No. 5, 7 and 9. The said obligations have been paid off; however, the District has a total of \$62,792 in excess assessments from the three Assessment Districts. These funds are being used to fund improvements and operations and maintenance in the three Assessment Districts, and are reported in the Agency Funds.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**9) PENSION PLANS**

**General Information about the Defined Benefit Pension Plan**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous and Safety Employee Pension Plans, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	8%	6.25%
Required employer contribution rates	11.634% + \$245,861	6.555%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	3% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	9%	11.5%
Required employer contribution rates	19.536% + \$178,708	12.082%

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**9) PENSION PLANS - Continued**

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District pays the required employee contribution on behalf of the employees for Miscellaneous and Safety employees hired prior to April 1, 2014. Employees hired after April 1, 2014 pay the required employee contributions. Also, effective July 1, 2015, the District’s Board adopted resolutions to phase out, over a 4-year period, the contributions paid by the District on behalf of the employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District’s required contribution for the unfunded liability was \$424,569 in fiscal year 2017.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 420,148	\$ 365,222

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,124,914
Safety	2,899,099
Total Net Pension Liability	\$ 7,024,013

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**9) PENSION PLANS - Continued**

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2016 and 2015 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2015	0.12619%	0.05830%
Proportion - June 30, 2016	0.11874%	0.05598%
Change - Increase (Decrease)	-0.00745%	-0.00232%

For the year ended June 30, 2017, the District recognized pension expense of \$555,141. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 785,370	\$ -
Differences between actual and expected experience	10,541	25,220
Changes in assumptions	-	239,349
Change in employer's proportion and differences	298,583	-
Differences between the employer's contributions and the employer's proportionate share of contributions	183,804	-
Net differences between projected and actual earnings on plan investments	1,213,654	-
Total	\$ 2,491,952	\$ 264,569

\$785,370 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:



**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**9) PENSION PLANS - Continued**

Year Ending June 30,		
2018	\$	310,156
2019		267,052
2020		549,742
2021		315,063
2022		-
Thereafter		-

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

- (1) Depending on age, service and type of employment  
(2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**9) PENSION PLANS – Continued**

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**9) PENSION PLANS – Continued**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 5,902,946	\$ 4,246,006
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 4,124,914	\$ 2,899,099
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 2,655,459	\$ 1,793,426

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan**

At June 30, 2017, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**10) 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 participates in the Special District Risk Management Authority (Authority), a joint powers agreement authority. The Authority was created under the provisions of California Government Code Section 6500 *et. seq.*

The Authority is governed by a board consisting of seven members who are elected at-large from the membership. The board controls the operations of the Authority including selection of management and approval of operating budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

**Running Springs Water District**  
**Notes to Financial Statements**  
June 30, 2017 and 2016

**10) RISK MANAGEMENT - Continued**

The purpose of the Authority is to provide risk financing and risk management services by arranging and administering programs of insurance. The District is insured up to \$10,000,000 with a \$500 deductible per occurrence for property damage claims and \$1,000 per occurrence for property damage losses and up to \$5,000,000 for workers' compensation liability with no deductible. The District is also insured under the Authority for automobile, property, employment practices, employee dishonesty, public officials and employee liability, and various other claims with various coverage limits. Separate financial statements of Authority may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. There were no claims liabilities reported in these financial statements as of June 30, 2017 and 2016.

**11) SALVAGE VALUES PERTAINING TO GRANT MONIES**

The District received a Volunteer Fire Assistance (VFA) award from the State of California Department of Forestry and Fire Protection in the amount of \$180,000 during the year ended June 30, 2006. The grant was to assist with the purchase of the Type II Wildland Fire Engine, which was purchased in September 2005. Under the grant agreement, the Federal Government has a vested interest in the fire engine until such time as the fair market value is less than \$5,000. The VFA percentage used to purchase the equipment will be applied to the sale price and recovered for the Federal Government during the sale. The Federal Government may not have to be reimbursed if the disposal sale amounts to a fair market value of less than \$5,000.

**12) LOSS CONTINGENCY**

On January 1, 2010, Section 2 of Section 116875 of the Health and Safety Code of California became operative. The section modified the allowed content of lead in pipes and plumbing supplies in order to be considered "lead free." Management is in the process of evaluating the effects that this modified law will have on the District. The District has identified and removed obsolete inventory and there is the potential for additional inventory to be scrapped as obsolete. As of June 30, 2017, the amount of the loss on the additional inventory cannot be reasonably estimated.

**13) COMMITMENTS**

At June 30, 2017, in the opinion of the District's management, there are no other outstanding matters which could have a significant effect on the financial position of the funds of the District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Running Springs Water District  
Required Supplementary Information  
June 30, 2017 and 2016**

**Schedule of the District's Proportionate Share of the Net Pension Liability  
Last 10 Years\***

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2016	0.08117%	\$ 7,024,013	\$ 2,662,089	263.85%	69.63%
2015	0.08544%	5,864,364	2,439,595	240.38%	73.14%
2014	0.08361%	5,073,557	2,299,525	220.64%	76.35%

**Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability**

**Benefit Changes:** None

**Changes in Assumptions:** None

\*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**Running Springs Water District  
Required Supplementary Information  
June 30, 2017 and 2016**

**Schedule of Plan Contributions  
Last 10 Years\***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 785,370	\$ (785,370)	\$ -	\$ 2,662,089	29.50%
2016	709,356	(709,356)	-	2,439,565	29.08%
2015	666,615	(666,615)	-	2,299,525	28.99%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/2015

\*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**Running Springs Water District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Governmental Fund - Fire Protection**  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,425,000	\$ 1,425,000	\$ 1,539,135	\$ 114,135
Assessments - Fire Availability Charges	205,000	205,000	201,264	(3,736)
Hazard Abatement Program Revenue	7,500	7,500	16,654	9,154
Other Revenue	16,700	16,700	134,194	117,494
Interest Revenue	1,500	1,500	11,582	10,082
Intergovernmental Revenue	-	-	5,710	5,710
	<u>1,655,700</u>	<u>1,655,700</u>	<u>1,908,539</u>	<u>252,839</u>
Total Revenues				
<b>EXPENDITURES</b>				
Salaries and Wages	740,632	740,632	852,403	(111,771)
Director Fees	2,850	2,850	1,868	982
Employee Benefits	513,474	513,474	534,416	(20,942)
Payroll Taxes	10,739	10,739	12,141	(1,402)
Safety Clothing and Personal Supplies	31,500	31,500	35,543	(4,043)
Insurance	56,670	56,670	54,880	1,790
Maintenance:				
Building	8,500	8,500	6,714	1,786
Automotive Equipment	20,355	20,355	22,971	(2,616)
Memberships	4,340	4,340	3,360	980
Office	3,300	3,300	4,450	(1,150)
Professional Services	36,200	36,200	32,365	3,835
Education, Training	6,500	6,500	5,030	1,470
Utilities	18,696	18,696	22,700	(4,004)
Dispatching	49,630	49,630	45,682	3,948
Community Relations - Fire Prevention	2,600	2,600	2,703	(103)
Hazard Abatement	7,500	7,500	7,934	(434)
Miscellaneous	6,436	6,436	6,961	(525)
General Operating Expenses Allocated from Water Department - Salaries, Utilities, etc.	30,398	30,398	30,416	(18)
Capital Assets	-	-	46,309	(46,309)
	<u>1,550,320</u>	<u>1,550,320</u>	<u>1,728,846</u>	<u>(178,526)</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>105,380</u>	<u>105,380</u>	<u>179,693</u>	<u>74,313</u>
Net Change in Fund Balances	105,380	105,380	179,693	<u>\$ 74,313</u>
Fund Balance, Beginning of Year	<u>1,290,020</u>	<u>1,290,020</u>	<u>1,290,020</u>	
Fund Balance, End of Year	<u>\$ 1,395,400</u>	<u>\$ 1,395,400</u>	<u>\$ 1,469,713</u>	



**Running Springs Water District**  
**Notes to Required Supplementary Information**  
June 30, 2017 and 2016

**BUDGETARY DATA**

Annual budgets adopted by the Board of Directors provide for operations, debt service and capital expenditures of the District. Between the months of December and February each year, department supervisors, the General Manager, and the Board of Directors hold a budget workshop at the District office and discuss plans, rates, etc. for the upcoming fiscal year. Each department supervisor prepares a budget after the workshop and submits it to the General Manager for review. The budget is then forwarded to the Finance Committee for their review and approval. Upon the Finance Committee's approval, the budget is presented to the Board of Directors. The Board conducts public meetings on the proposed budget only if there are rate increases and then, on or before June 30, the budget is adopted by the Board. The appropriated budget is prepared by departments. Budgetary controls are set by the Board.

Total expenditures in the Governmental Fund – Fire Protection exceeded appropriations by \$178,526.

## **SUPPLEMENTARY INFORMATION**

**Running Springs Water District**  
**Schedules of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund - Water Department**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Monthly Service Charges	\$ 1,058,989	\$ 1,005,844
Metered Water Sales and Water from Hydrants	727,487	627,198
Special Meter Charges - Water	5,183	-
Special Water Charges - R&R Fee	66,794	67,547
Turn-on and Shut-off Charges	12,055	10,510
Delinquent Charges and Service Fees	35,751	40,587
Total Operating Revenues	1,906,259	1,751,686
<b>OPERATING EXPENSES</b>		
Source of Supply:		
Maintenance	9,581	6,853
Purchased Water	176,493	218,965
Pumping:		
Purchased Power	62,239	48,101
Water Treatment:		
Water Purification Expense	26,704	22,562
Transmission and Distribution:		
Maintenance and Repairs	329	672
Customer's Accounts:		
Meter Maintenance	-	5,927
Uncollectible Accounts	2,025	-
Administrative and General:		
Salaries	791,334	726,153
Employee Benefits	322,529	302,927
Payroll Taxes	11,960	10,053
Directors' Fees	1,978	2,343
Dues and Subscriptions	4,651	5,164
Educational Programs	2,154	2,176
Insurance	33,014	32,300
Miscellaneous	979	-
Miscellaneous Supplies	-	3,944
Office supplies and expenses	52,941	52,740
Permits	32,710	12,866
Professional Services	86,314	86,550
Repairs and Maintenance	21,382	11,052

Continued

**Running Springs Water District**  
**Schedules of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund - Water Department - Continued**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING EXPENSES - Continued</b>		
Administrative and General: - Continued		
Truck expense, gas and oil	\$ 6,690	\$ 8,136
Truck expense, repairs and tractor expense	8,396	5,611
Utilities	13,350	14,074
Depreciation	208,942	230,706
General Expense Allocated to Sewer, Fire and Ambulance Departments	(69,343)	(69,754)
Total Operating Expenses	1,807,352	1,740,121
Operating Income (Loss)	98,907	11,565
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Leasing Revenue	10,636	10,432
Assessments - Water Availability Charges	45,321	44,467
Interest	3,593	1,631
Miscellaneous	17,594	41,299
Interest on Long-term Debt	(16,232)	(17,470)
Total Nonoperating Revenues (Expenses)	60,912	80,359
Income (Loss) Before Capital Contributions	159,819	91,924
Capital Contributions	5,382	5,382
Change in Net Position	\$ 165,201	\$ 97,306

**Running Springs Water District**  
**Schedules of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund - Ambulance Department**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Ambulance Service Fees	\$ 679,869	\$ 674,656
Total Operating Revenues	679,869	674,656
<b>OPERATING EXPENSES</b>		
Salaries	447,978	231,590
Dues and Subscriptions	3,435	5,256
Gas, Fuel, and Oil	7,329	7,628
Insurance	7,232	7,294
Medical Supplies	22,539	18,171
Miscellaneous Supplies	7,139	1,332
Office Expense	1,622	411
Professional Services	27,107	27,813
Telephone	1,417	950
Uncollectible Accounts	187,641	156,640
Vehicle Repairs and Maintenance	19,073	9,633
Depreciation	41,880	31,753
General Expense Allocated to Sewer, Fire and Ambulance Departments	9,685	7,311
Total Operating Expenses	784,077	505,782
Operating Income (Loss)	(104,208)	168,874
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest	1,448	395
Miscellaneous	170	4,466
Interest on Long-term Debt	(1,143)	(136)
Total Nonoperating Revenues (Expenses)	475	4,725
Change in Net Position	\$ (103,733)	\$ 173,599

**Running Springs Water District**  
**Schedules of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund - Sewer Department**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Sewer Charges	\$ 1,405,723	\$ 1,292,507
Usage Charges	102,015	89,271
Special Sewer Charges - Treatment Plant Improvements	233	103,319
Special Sewer Charges - R&R Fee	188,744	84,778
Expense Reimbursement from Upstream Users	406,753	455,872
California Demand Response Program (EnerNOC)	2,402	3,411
	<u>2,105,870</u>	<u>2,029,158</u>
Total Operating Revenues		
<b>OPERATING EXPENSES</b>		
Sewage Collection:		
Salaries and Wages	275,668	339,915
Repairs and Maintenance	42,706	94,345
Sewage Treatment:		
Salaries and Wages	405,771	315,552
Utilities, Electricity	124,220	115,853
Operating Supplies	770	4,901
Repairs and Maintenance	113,270	136,199
Chemical Analysis	18,612	7,625
Administrative and General:		
Director's Fees	3,563	2,343
Employee Benefits	230,856	220,943
Payroll Taxes	7,216	9,194
Education and Training	1,810	502
Insurance	43,433	43,327
Maintenance - Truck	22,917	19,231
Memberships and Dues	8,460	7,109
Miscellaneous Supplies	10,692	8,589
Office Expense	1,584	754
Permits	37,264	38,748
Professional Services	83,301	57,421
Depreciation Expense	448,113	475,054
General Expense Allocated to Sewer, Fire and Ambulance Departments	29,242	29,742
	<u>1,909,468</u>	<u>1,927,347</u>
Total Operating Expenses		
Operating Income (Loss)	<u>196,402</u>	<u>101,811</u>

Continued

**Running Springs Water District**  
**Schedules of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund - Sewer Department - Continued**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Assessments - Sewer Availability Charges	\$ 14,434	\$ 16,504
Interest	-	5,768
Miscellaneous	11,278	33,045
Leachate Loads	8,509	-
Interest on Long-term Debt	(4,124)	(12,554)
Total Nonoperating Revenues (Expenses)	30,097	42,763
Income (Loss) Before Capital Contributions	226,499	144,574
Capital Contributions	12,042	30,877
Change in Net Position	\$ 238,541	\$ 175,451

**Running Springs Water District**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2017 and 2016

	Improvement Act of 1911		Bond Act of 1915		Totals	
	Assessment District No. 5	Assessment District No. 9	Assessment District No. 7	Assessment District No. 10	2017	2016
<b>ASSETS</b>						
Cash with Fiscal Agent	\$ -	\$ -	\$ -	\$ 118,031	\$ 118,031	\$ 117,906
Temporary Investments	-	37,739	25,053	227,691	290,483	246,151
Total Assets	<u>\$ -</u>	<u>\$ 37,739</u>	<u>\$ 25,053</u>	<u>\$ 345,722</u>	<u>\$ 408,514</u>	<u>\$ 364,057</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 577	\$ -	\$ 187	\$ 764	\$ -
Due to Bondholders	-	37,162	25,053	345,535	407,750	364,057
Total Liabilities	<u>\$ -</u>	<u>\$ 37,739</u>	<u>\$ 25,053</u>	<u>\$ 345,722</u>	<u>\$ 408,514</u>	<u>\$ 364,057</u>



**Running Springs Water District**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
--	----------------------	-----------	-----------	-------------------

**Assessment District No. 5**

**ASSETS**

Temporary Investments	\$ 2,895	\$ -	\$ 2,895	\$ -
Total Assets	\$ 2,895	\$ -	\$ 2,895	\$ -

**LIABILITIES**

Due to Bondholders	\$ 2,895	\$ -	\$ 2,895	\$ -
Total Liabilities	\$ 2,895	\$ -	\$ 2,895	\$ -

**Assessment District No. 9**

**ASSETS**

Temporary Investments	\$ 57,111	\$ -	\$ 19,372	\$ 37,739
Total Assets	\$ 57,111	\$ -	\$ 19,372	\$ 37,739

**LIABILITIES**

Accounts Payable	\$ -	\$ 19,949	\$ 19,372	\$ 577
Due to Bondholders	57,111	-	19,949	37,162
Total Liabilities	\$ 57,111	\$ 19,949	\$ 39,321	\$ 37,739

**Assessment District No. 7**

**ASSETS**

Temporary Investments	\$ 25,053	\$ -	\$ -	\$ 25,053
Total Assets	\$ 25,053	\$ -	\$ -	\$ 25,053

**LIABILITIES**

Due to Bondholders	\$ 25,053	\$ -	\$ -	\$ 25,053
Total Liabilities	\$ 25,053	\$ -	\$ -	\$ 25,053

Continued

**Running Springs Water District**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued**  
**Agency Funds**  
Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
<b><u>Assessment District No. 10</u></b>				
<b>ASSETS</b>				
Cash with Fiscal Agent	\$ 117,906	\$ 6,025	\$ 5,900	\$ 118,031
Temporary Investments	161,092	207,352	140,753	227,691
Total Assets	<u>\$ 278,998</u>	<u>\$ 213,377</u>	<u>\$ 146,653</u>	<u>\$ 345,722</u>
<b>LIABILITIES</b>				
Due to Bondholders	\$ 278,998	\$ 207,352	\$ 140,815	\$ 345,535
Accounts Payable	-	25,737	25,550	187
Total Liabilities	<u>\$ 278,998</u>	<u>\$ 233,089</u>	<u>\$ 166,365</u>	<u>\$ 345,722</u>
 <b><u>Total All Agency Funds</u></b>				
<b>ASSETS</b>				
Cash with Fiscal Agent	\$ 117,906	\$ 6,025	\$ 5,900	\$ 118,031
Temporary Investments	246,151	207,352	163,020	290,483
Total Assets	<u>\$ 364,057</u>	<u>\$ 213,377</u>	<u>\$ 168,920</u>	<u>\$ 408,514</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 45,686	\$ 44,922	\$ 764
Due to Bondholders	364,057	207,352	163,659	407,750
Total Liabilities	<u>\$ 364,057</u>	<u>\$ 253,038</u>	<u>\$ 208,581</u>	<u>\$ 408,514</u>

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 15, 2017

**TO:** Board of Directors

**FROM:** George Corley, Fire Chief  
Ryan Gross, General Manager

**SUBJECT:** CONSIDER AUTHORIZING PURCHASE OF STAFF VEHICLE  
PICKUP TRUCK TO REPLACE 2000 DODGE DURANGO STAFF  
VEHICLE

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors authorize staff to purchase a new pickup truck to replace the 2000 Dodge Durango staff vehicle.

**REASON FOR RECOMMENDATION**

The 2000 Dodge Durango has over 147,000 miles and has reached the end of its useful life and is scheduled for replacement.

**BACKGROUND INFORMATION**

The replacement of the 2000 Dodge Durango staff vehicle is a budgeted fiscal year 2017/2018 item in the amount of \$50,000.

**FISCAL INFORMATION**

Attached are quotes for the replacement vehicle. If approved the purchase will be funded from the Fire Department Operating Reserve Fund which has a balance of \$723,530.

The cost for the 2017 Dodge Ram 2500 gasoline truck is \$32,188 plus approximately \$15,000 to outfit the vehicle for a total of approximately \$48,000.

The cost for the 2017 Ford F250 diesel truck is \$37,222 plus approximately \$15,000 to outfit the vehicle for a total of approximately \$52,222.

**ATTACHMENTS**

Attachment 1 – Vehicle Price Quotes

CAL-Fire Plus 106

Most recent supplement changes are in **Bold Red Italic**

Contact Line Item # (CLIN)	Description (Minimum Requirements)	FOB	UNSPSC Code	Unit of Measure (UOM)	Quantity in Unit of Measure	Make	Model	Vehicle Contract Unit Price	Service Plan Contract Unit Price	Dealer	Contract #
17	Full Size Pickup, 4x2, Crew Cab, Short Box, 350 HP, 153 in. WB, 8500 lb. GVWR, <b>GASOLINE</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ford	F250	\$24,618.00		Downtown Ford Sales	1-16-23-20A
18	Full Size Pickup, 4x4, Regular Cab, Regular Box, 350 HP, 133 in. WB, 8500 lb. GVWR, <b>GASOLINE</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ram	2500	\$22,888.00		Leehan of Davis, Inc., dba Hanlees Chrysler Dodge Jeep Ram Kia	1-16-23-20H
19	Full Size Pickup, 4x4, Extra Cab, Regular Box, 350 HP, 141 in. WB, 8500 lb. GVWR, <b>GASOLINE</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ram	2500	\$25,532.00		Leehan of Davis, Inc., dba Hanlees Chrysler Dodge Jeep Ram Kia	1-16-23-20H
20	Full Size Pickup, 4x4, Crew Cab, Short Box, 350 HP, 156 in. WB, 8500 lb. GVWR, <b>GASOLINE</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ford	F250	\$27,175.00		Downtown Ford Sales	1-16-23-20A
21	Full Size Pickup, 4x2, Extra Cab, Regular Box, 350 HP, 141 in. WB, 8500 lb. GVWR, <b>DIESEL</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ford	F250	\$31,849.00		Downtown Ford Sales	1-16-23-20A
22	Full Size Pickup, 4x4, Extra Cab, Regular Box, 350 HP, 141 in. WB, 8500 lb. GVWR, <b>DIESEL</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ford	F250	\$34,306.00		Downtown Ford Sales	1-16-23-20A
23	Full Size Pickup, 4x2, Regular Cab, Regular Box, 133 in. WB, 8500 lb. GVWR, <b>CNG</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101507	Each	1	Ram	2500	\$27,942.00		Eik Grove Auto Group	1-16-23-20B
24	Full Size Pickup, 4X2, Regular Cab, Regular Box, 380 lb.-ft. Torque, 133 in. WB, 10200 lb. GVWR, <b>GASOLINE</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101600	Each	1	Ford	F350	\$23,977.00		Downtown Ford Sales	1-16-23-20A
25	Truck, Cab & Chassis, 4X2, Regular Cab, 380 lb.-ft. Torque, 60 in. CA, 10200 lb. GVWR, <b>GASOLINE</b> Fueled Vehicle in accordance with specification 2310-3281 dated 10/30/15.	Sacramento	25101600	Each	1	Ford	F350	\$23,462.00		Downtown Ford Sales	1-16-23-20A

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STATE OF CALIFORNIA  
DEPARTMENT OF FORESTRY AND FIRE PROTECTION

**MOBILE EQUIPMENT MANAGEMENT RECORD**

Manufacturer: <b>RAM</b>	Model: <b>2500</b>	Year Model: <b>2017</b>	License Number: <b>1512679</b>	"X" Number: <b>02X856</b>
Vehicle Registration Number: <b>3C6TR5CT5HG514205</b>	F/Y Funded: <b>15/16</b>	Delivery Date: <b>9/16/2016</b>	In-Service Date: <b>3/11/2017</b>	
Vehicle Type: <b>PICKUP 3/4T 4WD CREW CAB</b>	Lighting:	Pilot Model:	Region: <b>3</b>	Location: <b>3500</b>

Unit: <b>SAN BERNARDINO</b>
--------------------------------

Vehicle Components	
ENGINE	5.7 L V8 HEMI WT
TRANSMISSION	6-SPEED AUTOMATIC 66RFE
FRONT AXLE	
REAR AXLE	
MAIN PUMP	
AUX PUMP	
PUMP ENGINE	
TIRES	LT275/70R 18E OW

Notes

Vendor	Estimate	P. O.	Item	Cost
Swift Jeep Chrysler	7PO5K003	7PO5K003	CHASSIS	\$25,532.00
			BODY	\$0.00
			Additional optio	\$1,429.50
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
			TAX	\$2,291.73
			<b>TOTAL COST:</b>	<b>\$29,261.98</b>

SPECIFICATIONS	
CHASSIS	BODY
Survey #:	Survey Document #:

Replaces "X" No. <b>09X103</b>	Replaces License No. <b>1297645</b>	Former X#:
-----------------------------------	----------------------------------------	------------

**George Corley**

---

**From:** Greg Donahue <gdonahue@mosssavings.com>  
**Sent:** Thursday, September 21, 2017 6:28 PM  
**To:** g Corley  
**Subject:** RAM 2500 DIESEL

Hi George,

A Ram 2500 4x4 Crew Cab tradesman trim, white with the 8' bed inc trailer tow pck, trailer tow mirrors and brake controller, shift on the fly 4x, back up camera, and UConnect will cost;

\$48,99329 inc sales tax and assuming CA Exempt registration. There are only a few 2017 model years left. As I noted in another email I am unable to locate a gas model within 500 miles around.

to order one, it will be a 2018 model and take aprox 8 weeks to build

It's cost will be \$46,780.99 CA exempt and applicable sales tax in Running Springs.

Please contact me with any questions.

Regards,

Greg Donahue  
Fleet Director  
Moss Bros Auto Group  
951-454-2043

**George Corley**

---

**From:** Matt Johnson <MJ@redlandscjdr.com>  
**Sent:** Friday, September 01, 2017 11:39 AM  
**To:** g.corley@runningspringsfd.org  
**Subject:** Redlands Ram 2500 Quote  
**Attachments:** Gas 2500 Window Sticker.pdf; 2500 Diesel Window Sticker.pdf

I apologize for the late quote but here you go I attached the window stickers as well for the 2 trucks I found that fit your needs. I broke down the pricing on the 2 trucks the only thing that I didn't factor in were the tax, license, and rebates. Rebates change month to month so whatever is available at the time of sale is the rebate you would receive

Ram 2500 Diesel  
MSRP 53,840  
Invoice 49,527  
Your sale price 48,739

Ram 2500 Gas  
MSRP 42,025  
Invoice 39,604  
Your sale price 38994.5

Matthew "MJ" Johnson  
Internet Sales Manager

(909) 747-1047 Office  
(909) 528-0584 Cell/Text

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** November 15, 2017

**TO:** Board of Directors

**FROM:** Randy Bobroff, Water Division Supervisor  
Ryan Gross, General Manager

**SUBJECT: CONSIDER AUTHORIZING EXPENDITURE FOR THE REPLACEMENT OF THE SIDEWINDER GROUNDWATER WELL BOOSTER PUMP AND MOTOR**

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors authorize an expenditure for the replacement of the Sidewinder Groundwater Well Booster Pump and Motor for an amount not to exceed \$18,000.

**REASON FOR RECOMMENDATION**

The Sidewinder Groundwater Well Booster Motor failed on October 29<sup>th</sup>, 2017.

**BACKGROUND INFORMATION**

The District's Sidewinder Groundwater Well Booster Pump and Motor was first installed in 1981, and rebuilt in 2001. A new motor is not available for the current turbine pump and motor starter system that was last rebuilt 16 years ago. The cost to rebuild the damaged obsolete 40HP motor is \$5,293 and a crane service charge of \$420 and District staff doing the install. We would still have an old pump and motor starter with an unknown life expectancy. Therefore, staff recommends installing a new submersible pump and motor controlled by a variable frequency drive and pressure transducer. The installation will be completed by District staff.

**FISCAL INFORMATION**

If approved, the funding source for this contract would be from the Water Capital Improvement Reserve Fund that has a balance of \$151,370.

**ATTACHMENTS**

Attachment – Quotes



# HARICH ENTERPRISES CO. INC.

POST OFFICE BOX 960  
LAKE ARROWHEAD, CA 92352

CA Lic#618447

## Estimate

Date	Estimate #
11/8/2017	RSWD11817

Name / Address
RUNNING SPRINGS WATER DISTRICT PO BOX 2206 RUNNING SPRINGS CA 92382

Description	Qty	Cost	Total
<b>SIDEWINDER WET WELL 325GPM @ 375' TDH</b>			
Grundfos 300S400-10, 40HP, 325gpm, 10 Stage, 6" pump, 4" outlet	1	4,965.00	4,965.00
Grundfos 6G40463SS 6" motor, 40HP, 460v/3ph input	1	4,710.00	4,710.00
Franklin P-Series 40hp VFD 460v/3ph Nema 1 with Line filter	1	4,215.00	4,215.00
Splice kit	1	9.00	9.00
Installation by District			
Estimates are good for 30 days. Thank for the opportunity to bid your project!			<b>Total</b> \$13,899.00

Phone #	Fax #	E-mail
9098672483	909-337-3805	harichdesigns@verizon.net

# BRITHINEE ELECTRIC

620 South Rancho Ave. Colton, CA 92324-3243  
 Phone 909-825-7971 FAX: 909-825-6312

**82627**  
 REFER TO THIS NUMBER WHEN CALLING

**THIS IS NOT AN INVOICE. DO NOT PAY.**

RUNN220  
**SOLD** Running Springs Water District  
**TO:** P.O. Box 2206  
 Running Springs CA 92382-2206  
**CONTACT:** Randy Bobroff Territory Terms  
**PHONE:** 909-867-2766 H Net 30 days

**SHIP** Running Springs Water District  
**TO:** WILL CALL  
 Colton CA 92324  
 County SANBER  
**MARKS:**

B.E. ORDER NUMBER	ORDER DATE	SALES MAN	P.O. NUMBER	SHIP VIA	SHIP DATE
82627	11/3/2017	J.S...	REQN/REL	Will Call	

DESCRIPTION OF REPAIR ITEM:	Brand Newman VHS Motor	Encl ODP	AC Volts 230/460	As Found		As Left	
				As Found	As Left	As Found	As Left
Type or Spec		Rating 40 HP	AC Amps 100/50				
Model or Cat	DD2792PB	Frame 324TPH	Rotor Data				
Ser. or ID	S1354501	Speed 1775 (1800)	Arm Volts				
			Arm Amps				
			Field Volts				
			Field Amps				

**Tasks Performed**

Assess core per EASA Tech Note #17; rewind stator with Quad Build wire; VPI; epoxy-dip and bake to cure; measure bearing housings and shaft journals and compare to ABMA Std 7 k5 and H6 fits; dynamically balance rotor; replace bearings and sight glass; reassemble and test.

QNTY	ITEM NO.	DESCRIPTION	PRICE EA	EXTENSION
1	33169	Bearing 6312 C3 KOYO	\$84.62	\$84.62
1	36202	Bearing 7220B.MP.UA Fag Angular Contact	\$397.18	\$397.18
2.5	4510	Balancing Labor	\$101.00	\$252.50
14	4550	Shop Labor	\$89.00	\$1246.00
1	39008	NEWMAN 1322K35 SIGHT GLASS	\$42.55	\$42.55
1	4350	Misc hardware and environmental	\$30.00	\$30.00
1	4500	Rewind stator - labor	\$2136.00	\$2136.00
1	4490	Rewind stator - materials	\$985.00	\$985.00

**CUSTOMER INSTRUCTIONS**  
 I understand the above is an estimate for repairs. Please:  
 PROCEED WITH REPAIRS.  ANALYZE ONLY  STOP. ILL CALL YOU!  
 Use P.O.# \_\_\_\_\_ Signed \_\_\_\_\_ Date \_\_\_\_\_  
**PLEASE FAX THIS AUTHORIZATION TO 909-825-6312**

	Subtotal	\$5173.85
Labor	\$3634.50	Shipping Charges
Parts & Mat'ls	\$1539.35	Amount Taxable
7.75 % Tax Rate		\$119.30
	Sales Tax	
	Grand Total	\$5293.15



W.O. No. 82627 Date 11/3/17 Marks \_\_\_\_\_  
 BILL TO: Running Springs Water District SHIP TO: Running Springs Water District

**Nameplate Data**

Brand Newman VHS Motor Encl ODP Auxiliary Equipment Nameplates \_\_\_\_\_  
 Rating 40 HP Type \_\_\_\_\_  
 Speed 1775 (1800) Model DD2792PB  
 Frame 324TPH Ser. No. S1354501

Data	As found	As returned	Marks:
AC Volts	230/460		
AC Amps	100/50		
Rotor Data			

**Cause of Failure or Reason for Service**

The motor windings failed the incoming electrical test. The windings are shorted to ground and will require to be rewind.

**What was Done**

Assess core per EASA Tech Note #17; rewind stator with Quad Build wire; VPI; epoxy-dip and bake to cure; measure bearing housings and shaft journals and compare to ABMA Std 7 k5 and H6 fits; dynamically balance rotor; replace bearings and sight glass; reassemble and test.

**AC Stator Winding Tests** (as connected at high voltage; if multi-speed 1-winding, then test at high-s)

Resistance	$\Omega$ , ØA	$\Omega$ , ØB	$\Omega$ , ØC		Surge results /Init	Hipot VDC; $\mu$ A	Stator Polar-Index
As rec'd : Wdg 1				As rec'd	.....Rewind Reqd.....		
In Progress				In Prograss			
As left : Wdg 1				After bake			
As rec'd : Wdg 2				After rwd			
As left: Wdg 2				Final			

**Winding Insulation Resistance to Ground in Megohms**

	Stator							
As rec'd	0 M $\Omega$							
After bake								
Final								
Device	<input checked="" type="checkbox"/> Megger <input type="checkbox"/> DC High-pot <input type="checkbox"/> AC High-pot			<input checked="" type="checkbox"/> 1000 vdc <input type="checkbox"/> 500 vdc <input type="checkbox"/> 9000 vdc <input type="checkbox"/> 2000 vac <input type="checkbox"/> 2500 vac				

Bearings Installed \_\_\_\_\_ If Vertical, Axial endplay final \_\_\_\_\_ Initials \_\_\_\_\_

**Comments (if any)**



W.O. No. 82627 Date 11/3/17 Marks \_\_\_\_\_  
 BILL TO: Running Springs Water District SHIP TO: Running Springs Water District

**Nameplate Data**

Brand Newman VHS Motor Encl ODP Auxiliary Equipment Nameplates  
 Rating 40 HP Type \_\_\_\_\_  
 Speed 1775 (1800) Model DD2792PB  
 Frame 324TPH Ser. No. S1354501

**Measurement of Fits**

Bearing	Type	Size	Housing				Shaft				
			As Found	Desc	As Left	Intls	As Found	Desc	As Left	Intls	Intl
O-end mtr	Ball	6 312	5.1187"	OK	Same	SB	2.3626"	OK	Same		SB
			5.1191 - 5.1181				2.3623 - 2.3628				
P-end mtr	Ball	7 220	Visual	OK	Same	SB	3.9376"	OK	Same		SB
			7.0876 - 7.0866				3.9371 - 3.9377				

	P-End					O-End				
	Meas	As Found		As Left		Meas	As Found		As Left	
Output shaft		Condition	Intls	Meas	Intls		Condition	Intls	Meas	Intls
Runout (TIR)										
Diameter	VHS	OK	SB	Same	SB					
Keyway Width	.375"	OK	SB	Same	SB					
P-base runout (TIR)	.001"	OK	SB	Same	SB					
Mounted Device										
Runout (TIR)										
Diameter										
Keyway Width										

Shaft Quill	Quill O.D. for Bearing Fit		Quill I.D. for Shaft Fit		Shaft O.D. for Quill Fit		
	As Found	As Left	As Found	As Left	As Found	As Left	Initials
	3.9376" OK	Same	2.5008"	Same	2.5000"	Same	SB
Rotor Weight			Quill bore clearance	0.0008		Initial	SB

**Machinist Comments**

\_\_\_\_\_

AC Squirrel cage motors		Initials
Growl rotor, shaft inspection	OK	SB
Phenix Hot Spot Test		
DC Motors/Generators Final Inspection		Initials
Commutator runout (TIR)		
Commutator surface inspection		

No. of Rotor Bars:  No. of Rolling Elements: P-end  O-end   
 No. of Stator Slots:  Stator Bore (avg):  Rotor Diameter:   
 Allowable Rotor Runout:   
 Approx. Total Airgap:   
 No. of Vent Fan Blades:

W.O. No.	<u>82627</u>	Date	<u>11/3/17</u>	Marks	<u></u>
BILL TO:	<u>Running Springs Water District</u>	SHIP TO:	<u>Running Springs Water District</u>		
<b>Nameplate Data</b>					
Brand	<u>Newman VHS Motor</u>	Encl	<u>ODP</u>	Auxiliary Equipment Nameplates	
Rating	<u>40 HP</u>	Type	<u></u>		
Speed	<u>1775 (1800)</u>	Model	<u>DD2792PB</u>		
Frame	<u>324TPH</u>	Ser. No.	<u>S1354501</u>		



Incoming View



W.O. No. 82627 Date 11/3/17 Marks \_\_\_\_\_  
BILL TO: Running Springs Water District SHIP TO: Running Springs Water District

**Nameplate Data**

Brand	<u>Newman VHS Motor</u>	Encl	<u>ODP</u>	Auxiliary
Rating	<u>40 HP</u>	Type	_____	Equipment
Speed	<u>1775 (1800)</u>	Model	<u>DD2792PB</u>	Nameplates
Frame	<u>324TPH</u>	Ser. No.	<u>S1354501</u>	



**Incoming View**

W.O. No. 82627 Date 11/3/17 Marks \_\_\_\_\_  
BILL TO: Running Springs Water District SHIP TO: Running Springs Water District

**Nameplate Data**

Brand	<u>Newman VHS Motor</u>	Encl	<u>ODP</u>	Auxiliary Equipment Nameplates
Rating	<u>40 HP</u>	Type	_____	
Speed	<u>1775 (1800)</u>	Model	<u>DD2792PB</u>	
Frame	<u>324TPH</u>	Ser. No.	<u>S1354501</u>	



**Incoming View**



**WORK ORDER PHOTOS & DRAWINGS**

REFER TO THIS NUMBER WHEN CALLING

W.O. No. 82627 Date 11/3/17 Marks \_\_\_\_\_  
 BILL TO: Running Springs Water District SHIP TO: Running Springs Water District

**Nameplate Data**

Brand	<u>Newman VHS Motor</u>	Encl	<u>ODP</u>	Auxiliary
Rating	<u>40 HP</u>	Type		Equipment
Speed	<u>1775 (1800)</u>	Model	<u>DD2792PB</u>	Nameplates
Frame	<u>324TPH</u>	Ser. No.	<u>S1354501</u>	



Name Plate

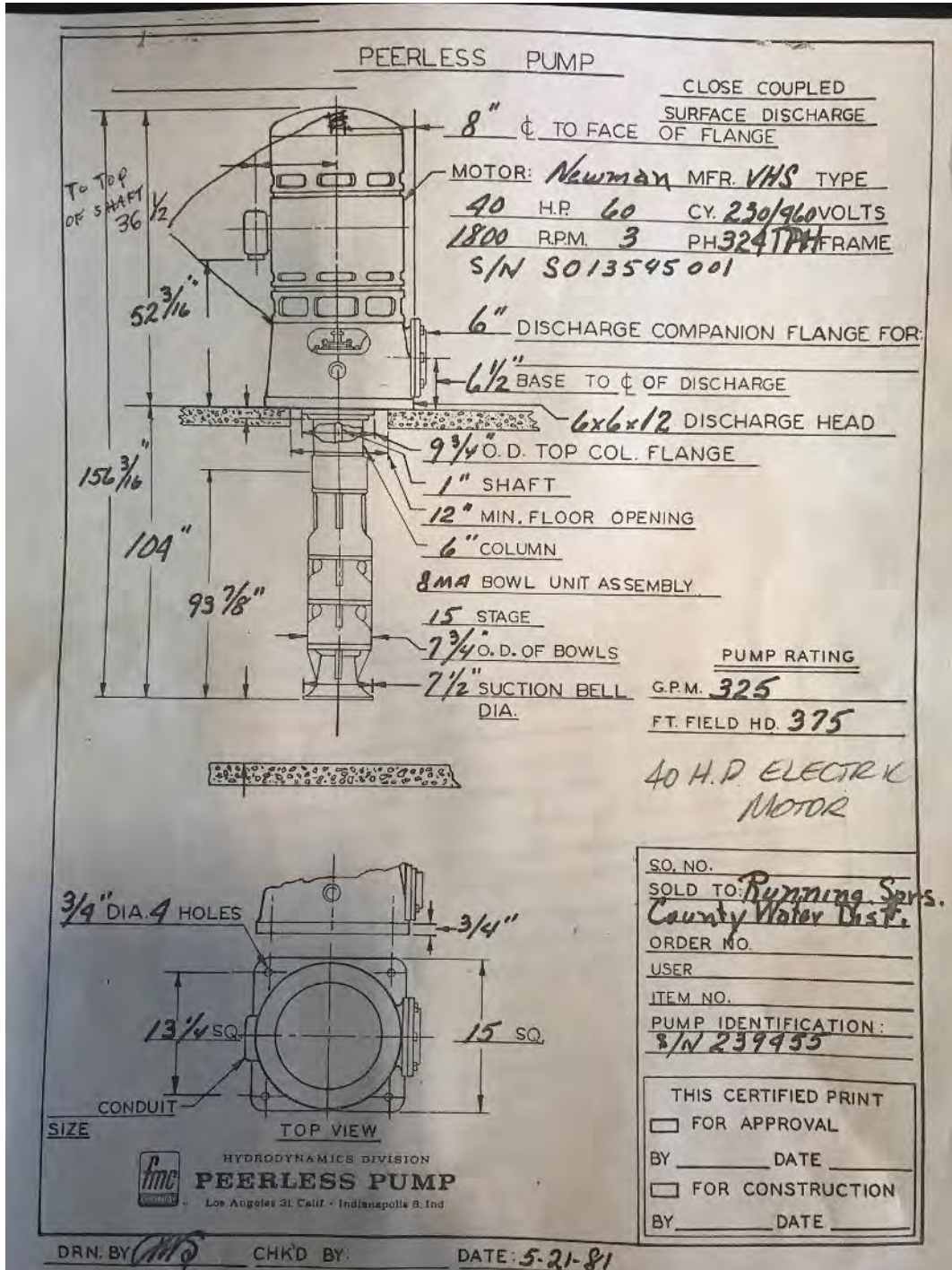


W.O. No. 82627 Date 11/3/17 Marks \_\_\_\_\_

BILL TO: Running Springs Water District SHIP TO: Running Springs Water District

Nameplate Data

Brand	<u>Newman VHS Motor</u>	Encl	<u>ODP</u>	Auxiliary
Rating	<u>40 HP</u>	Type	_____	Equipment
Speed	<u>1775 (1800)</u>	Model	<u>DD2792PB</u>	Nameplates
Frame	<u>324TPH</u>	Ser. No.	<u>S1354501</u>	

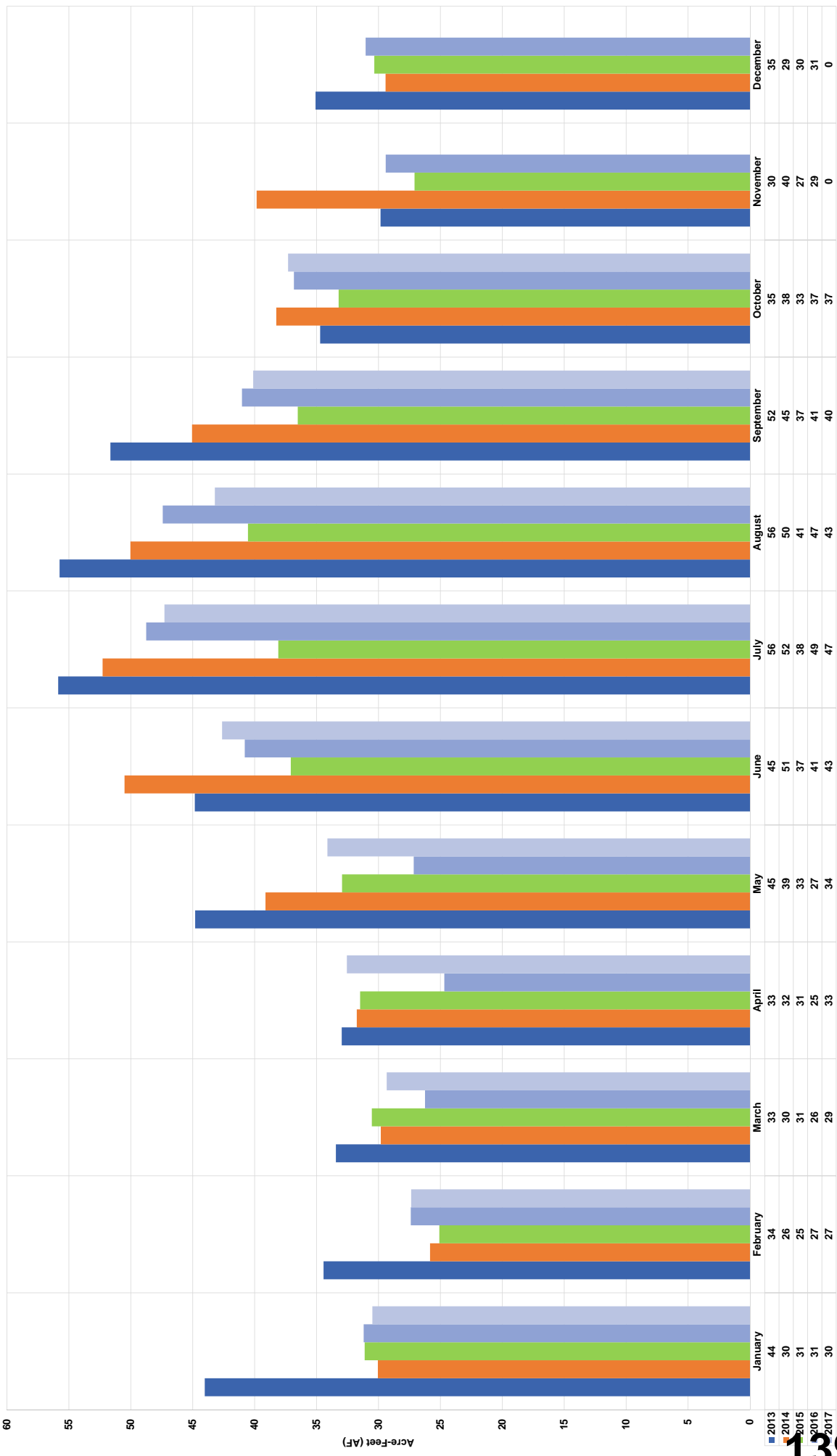


Incoming View pump drawing

5. A.

	2013			2014			2015			2016			2017					
	Precipitation (Inches)	(AF)	(gallons)	Precipitation (Inches)	(AF)	(gallons)	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013
January	3.90	44	14,348,960	1.75	30	9,793,223	1.20	31	10,139,995	29%	7.05	31	10,167,367	29%	24.35	30	9,938,312	31%
February	3.60	34	11,222,900	3.75	26	8,419,752	3.00	25	8,175,163	27%	4.10	27	8,927,377	20%	6.25	27	8,916,787	21%
March	2.40	33	10,897,679	8.05	30	9,716,033	1.25	31	9,951,542	9%	4.55	26	8,552,646	22%	1.60	29	9,560,030	12%
April	0.35	33	10,743,916	2.85	32	10,347,929	0.80	31	10,260,776	4%	5.73	25	8,044,270	25%	0.00	33	10,608,910	1%
May	0.90	45	14,601,449	0.30	39	12,750,144	2.60	33	10,735,438	26%	0.88	27	8,849,396	39%	0.85	34	11,120,624	24%
June	0.00	45	14,610,203	0.00	51	16,459,883	0.04	37	12,085,249	17%	0.00	41	13,296,489	9%	0.00	43	13,893,094	5%
July	0.10	56	18,206,345	0.25	52	17,037,779	3.05	38	12,413,711	32%	0.00	49	15,889,782	13%	0.20	47	15,410,083	15%
August	0.00	56	18,170,122	1.00	50	16,305,276	0.00	41	13,211,462	27%	0.00	47	15,454,430	15%	1.30	43	14,083,494	22%
September	0.00	52	16,831,647	0.75	45	14,683,509	0.10	37	11,901,106	29%	0.10	41	13,369,869	21%	0.00	40	13,074,067	22%
October	2.60	35	11,312,308	1.20	38	12,465,927	2.40	33	10,825,289	4%	1.55	37	12,002,331	-6%	0.00	37	12,156,081	-7%
November	3.40	30	9,723,378	1.80	40	12,983,932	3.15	27	8,827,761	9%	2.85	29	9,586,472	1%				
December	1.25	35	11,433,417	13.35	29	9,590,835	2.85	30	9,886,959	14%	11.40	31	10,115,160	12%				
Total	18.50	497	162,102,324	35.05	462	150,554,222	20.44	394	128,414,451	21%	38.21	412	134,255,589	17%	34.55	364	118,761,482	

Monthly Water Production (2013 - 2017)





## Running Springs Water District November 2017 Newsletter



5. B.

The Running Springs Water District is providing this Newsletter to our customers as part of our public outreach effort to share information regarding the District's ongoing activities, operations and services.

### **“NEW” Pay your water and sewer bill online and view account information**

The District has implemented a new utility billing system and customers can now go online to view their account information. Our new system allows customers to view their transaction history which includes their current balance due, make payments, view their water usage history comparing data for the previous two years, and view payment arrangements, contracts and deposits associated with their account. Customers are able to manage multiple accounts in one convenient location. Use the following web address to register:

<http://www.runningspringswaterdistrict.com>

Click on the link to “View Account”  
Click “Utility Billing” and “Register”.

### **WINTERIZE YOUR HOME OR CABIN TO AVOID CATASTROPHIC WATER LOSS AND COSTLY REPAIRS**

Is your home ready for the approaching cold winter weather? Freeze-related water leaks have been known to waste thousands of gallons of water and in the past have increased some monthly water bills to over \$3,000. Don't let this happen to you.



Remember, all water lost due to frozen/broken pipes is the homeowner's responsibility. However, just a few precautions can greatly reduce your risk. Some important steps to take to avoid frozen/broken pipes and costly repairs include: checking your plumbing to ensure it is in good operating condition, protect all exposed piping, install a customer shut-off

valve (CSOV), safeguard your CSOV from unauthorized use and vandalism, seal off access doors, air vents and cracks and instruct guests that may use your home about the proper use of the CSOV.



### **Carbon Monoxide Poisoning Awareness and Prevention**

Roughly 30 to 40 people die annually in California from exposure to Carbon Monoxide gas. All single and multiple family dwellings are now required to have Carbon Monoxide detectors installed. Prevention measures to avoid Carbon Monoxide poisoning include:

- Install Carbon Monoxide detectors on walls at least a couple of feet below the ceiling outside each sleeping area.
- Ensure Carbon Monoxide detectors are installed and working properly.
- Do not idle your car in your garage even for short periods of time.
- Never use gas-powered or charcoal grills indoors.
- Never ignore the Carbon Monoxide poisoning symptoms of dizziness, nausea, headaches and sudden sleepiness. Get out of your home immediately and into fresh air, then call 911.

### **Fire Safety for Homes during the Winter Months**

Fireplaces and wood burning stoves are very common heat sources in mountain homes. Potential

(Continued on back)



fire hazards can be avoided by paying careful attention to safety.

When using a wood burning stove, it should be Underwriters Laboratories (UL) listed, be made of good quality, solid construction and design. Do not use flammable liquids to start or accelerate any fire. Always keep a glass or metal screen in front of the fireplace to prevent any sparks or embers from escaping. Before you call it a night, be sure to double check that the fire is out and NEVER close your damper with hot ashes in the fireplace.

When using a furnace as a heat source, it is important to have your furnace inspected to ensure it is in proper working condition. Inspect the walls and ceiling near the furnace and along the chimney line and if the wall is hot or discolored, additional insulation may be required. Keep trash and other combustibles away from the heating system. It is important to leave furnace repairs to qualified specialists.

Remember never to use a range or an oven as an alternate heating source. Not only is it a safety hazard, it can be a source of potentially toxic fumes. Avoid using electric space heaters in bathrooms or other areas where they may come into contact with water. Be sure that every level of your home has a working smoke detector that is cleaned and inspected monthly and remember to change the batteries every six months.

### **Fats, Oils and Grease (FOG)**



Grease in sewer pipes causes sewer maintenance problems for property owners and the District. Never put grease, oil or fatty foods in your sink, drain or toilet and try to use your garbage disposal less.

### **Running Springs Water District Wastewater Treatment Plant Recycled Water Spray Irrigation Project**



No doubt during your travels up and down highway 330, you have noticed some irrigation taking place on the hillside. This irrigation is of the Running Springs Water District's Wastewater Treatment Plant property and is being irrigated with recycled water from the wastewater treatment plant. This water has been treated with some of the most advanced technologies in the wastewater industry including Membrane Bio-Reactors.

The treatment process includes preliminary treatment, primary treatment, membrane filtration, oxidation and disinfection. Once the wastewater has been through the treatment process it is considered recycled water by the State Water Resources Control Board. This water is suitable for irrigation of parkways, parks, golf courses and the like.

Although the treatment plant produces recycled water, the location of the treatment plant and the demand for recycled water in the community does not warrant, at this time, bringing the recycled water back into the community. In order to manage the recycled water during summer months, the District uses approximately 250,000 gallons per day to irrigate the property surrounding the treatment plant. The remaining recycled water, approximately 130,000 gallons per day, is sent to the District's disposal ponds located off of USFS road 1N09. During inclement weather all of the recycled water is sent to the Disposal Ponds.

For more information regarding District functions and activities, please visit the District's websites at:

[www.runningspringswaterdistrict.com](http://www.runningspringswaterdistrict.com)  
[www.runningspringsfd.org](http://www.runningspringsfd.org)

or contact the District office by phone at 909-867-2766, or by mail at P.O. Box 2206, Running Springs, CA, 92382. In addition, we hold public Board Meetings at 9:00 a.m. on every third Wednesday of the month at our District Office located at 31242 Hilltop Blvd. (Highway 18) in Running Springs. Members of the public are always invited and encouraged to attend these meetings.

Please provide your email address on your next bill if you would like to receive District information by email.

The District accepts credit card payments in person at the main office. Credit, debit card or electronic check payments may also be made online at: <https://ipn.paymentus.com/otp/stde/rswd> or by calling Paymentus at 877-506-3112.