

**BOARD MEETING AGENDA  
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF  
CITRUS HEIGHTS WATER DISTRICT (CHWD)  
MAY 15, 2019 beginning at 5:15 PM**



**DISTRICT ADMINISTRATIVE OFFICE  
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**CALL TO ORDER:**

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

**ROLL CALL OF DIRECTORS:**

**CLOSED SESSION:**

CL-1. Pursuant to Section 54956.9:  
CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of  
Section 54956.9: 1 case

**FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:**

June 19, 2019	6:30 PM	Regular Meeting
July 17, 2019	6:30 PM	Regular Meeting
August 21, 2019	6:30 PM	Regular Meeting
September 18, 2019	6:30 PM	Regular Meeting
October 16, 2019	6:30 PM	Regular Meeting
November 20, 2019	6:30 PM	Regular Meeting
December 2, 2019	6:30 PM	Special Meeting
December 18, 2019	6:30 PM	Regular Meeting

**ADJOURNMENT:**

**CERTIFICATION:**

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 24 hours prior to the special meeting in accordance with Government Code Section 54956.

Christopher Castruita, Chief Board Clerk

Dated: May 9, 2019

**BOARD MEETING AGENDA  
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF  
CITRUS HEIGHTS WATER DISTRICT (CHWD)  
MAY 15, 2019 beginning at 6:00 PM**



**DISTRICT ADMINISTRATIVE OFFICE  
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

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**CALL TO ORDER:**

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

**ROLL CALL OF DIRECTORS:**

**PLEDGE OF ALLEGIENCE:**

**VISITORS:**

**PUBLIC COMMENT:**

The Public shall have the opportunity to directly address the Board on any item of interest to the public before or during the Board's consideration of that item pursuant to Government Code Section 54954.3. Public comment on items of interest within the jurisdiction of the Board is welcome. The Presiding Officer will limit comments to three (3) minutes per speaker.

(A) Action Item

(D) Discussion Item

(I) Information Item

**CONSENT CALENDAR: (I/A)**

All items under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff request a specific item be removed for separate discussion/action before the motion to approve the Consent Calendar.

CC-1a. Minutes of the Special Meeting – April 17, 2019 (A)

CC-1b. Minutes of the Regular Meeting – April 17, 2019 (A)

Recommendation: Approve the minutes of the April 17, 2019, Special and Regular Board of Directors Meetings.

CC-2. Revenue Analysis Report for April 2019 (I)

CC-3. Assessor/Collector's Roll Adjustment for April 2019 (I)

CC-4. Treasurer's Report for April 2019 (I)

CC-5. Treasurer's Report of Fund Balances for April 2019 (I)

CC-6. Operating Budget Analysis for April 2019 (I)

CC-7. Capital Projects Summary April 2019 (I)

CC-8. Warrants for April 2019 (A)

Recommendation: Approve disbursements issued for payment dated April 10, 2019 through May 7, 2019 per Policy 6460.20.

CC-9. CAL–Card Distributions for April 2019 (I)

CC-10. Summary of 2019 Employees and Directors Training Courses, Seminars and Conference (I)

CC-11. Employee Recognitions (I)

CC-12. Long-Range Agenda (I)

CC-13. Engineering Department Report (I)

CC-14. Operations Department Report (I)

CC-15. 2019 Water Supply – Purchased and Produced (I)

CC-16. Water Supply Reliability (I)

CC-17. Water Efficiency and Safety Program Update (I)

CC-18. 2019 Strategic Plan Update (I)

CC-19. Discussion and Possible Action to approve a Resolution adopting International City/County Management Association-Retirement Corporation Section 457 Deferred Compensation Plan (A)

Recommendations:

- 1) Approve Resolution 06-2019, authorizing the General Manager to execute an Administrative Services Agreement, Affirmative Statement, and all required documents to complete implementation of International City/County Management Association- Retirement Corporation Section 457 Deferred Compensation Plan.
- 2) Amend Policy 4411: Deferred Compensation.

CC-20. Discussion and Possible Action to approve an agreement with J.P. Morgan Chase for Credit Card Services (A)

Recommendations:

- 1) Authorize the General Manager to execute agreement with JP Morgan Chase
- 2) Approve amended District Policy No. 6520 Credit Cards.

CC-21. Discussion and Possible Action to approve the Disposition of Real Property (A)

Recommendation: Approve Resolution 07-2019, approving a Quitclaim Deed within the property of 6920 Auburn Boulevard.

**PRESENTATIONS:**

P-1. Water Awareness Poster Contest (I)

**STUDY SESSIONS:**

None.

**BUSINESS:**

- B-1. Discussion and Possible Action to Accept a Comprehensive Annual Financial Report for Year Ending December 31, 2018 (A)

Recommendation: Receive and File the District's Comprehensive Annual Financial Statements for the Years Ended December 31, 2018 and 2017.

**MANAGEMENT SERVICES REPORTS (I):**

- MS-1. Meter Replacement Study Update

**DIRECTOR'S AND REPRESENTATIVE'S REPORTS (I):**

- D-1. Regional Water Authority (Riehle).
- D-2. Sacramento Groundwater Authority (Sheehan).
- D-3. San Juan Water District (All).
- D-4. Association of California Water Agencies (Riehle).
- D-5. ACWA Joint Powers Insurance Authority (Wheaton/Castruita).
- D-6. City of Citrus Heights (Pieri).
- D-7. Chamber of Commerce Update (Castruita/Meurer).
- D-8. RWA Legislative and Regulatory Affairs Update (Castruita/Meurer).
- D-9. Customer Advisory Committee (Riehle/Pieri).
- D-10. Other Reports.

**CLOSED SESSION:**

None.

**FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:**

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December 2, 2019	6:30 PM	Special Meeting
December 18, 2019	6:30 PM	Regular Meeting

**ADJOURNMENT:**

**CERTIFICATION:**

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 24 hours prior to the special meeting in accordance with Government Code Section 54956.



Dated: May 9, 2019

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Christopher Castruita, Management Services  
Supervisor/Chief Board Clerk



CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS SPECIAL MEETING MINUTES  
April 17, 2019

The Special Meeting of the Board of Directors was called to order at 6:00 p.m. by President Sheehan and roll was called. Present were:

Caryl F. Sheehan, President  
Raymond A. Riehle, Vice President  
David C. Wheaton, Director

Absent:

None.

Staff: Hilary Straus, General Manager  
David Gordon, Operations Manager  
Missy Pieri, Engineering Manager/District Engineer  
Chris Castruita, Management Services Supervisor/Chief Board Clerk  
Steve Anderson, General Counsel  
Josh Nelson, Assistant General Counsel

**VISITORS:**

None.

**PUBLIC COMMENT:**

None.

**CLOSED SESSION:**

The meeting adjourned into Closed Session at 6:01 pm to discuss the following items as listed on the Closed Session Special Meeting Agenda:

CL-1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: 216-0060-005

Agency negotiator: Hilary Straus; Josh Nelson; David Gordon; Susan Sohal; Missy Pieri; Chris Castruita

Negotiating parties: Richard and Audrey Ball

Under negotiation: Price and Terms of Payment

CL-2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: 204-0440-009

Agency negotiator: Hilary Straus; Josh Nelson; David Gordon; Susan Sohal; Missy Pieri; Chris Castruita

Negotiating parties: Kathleen Pentecost  
Under negotiation: Price and Terms of Payment

The Closed Session was adjourned at 6:23 pm.

No reportable action.

**ADJOURNMENT:**

There being no other business to come before the Board, the meeting was adjourned at 6:24 pm.

APPROVED:

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CHRISTOPHER CASTRUITA  
Deputy Secretary  
Citrus Heights Water District

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RAYMOND A. RIEHLE, Vice President  
Board of Directors  
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS REGULAR MEETING MINUTES  
April 17, 2019

The Regular Meeting of the Board of Directors was called to order at 6:31 p.m. by President Sheehan and roll was called. Present were:

Caryl F. Sheehan, President  
Raymond A. Riehle, Vice President  
David C. Wheaton, Director

Absent:

None.

Staff:

Hilary Straus, General Manager  
David Gordon, Operations Manager  
Missy Pieri, Engineering Manager  
Chris Castruita, Management Services Supervisor/Chief Board Clerk  
Madeline Henry, Management Services Specialist/Deputy Board Clerk  
Rex Meurer, Water Efficiency Supervisor  
Alberto Preciado, Accounting Supervisor  
Jeff Ott, Principal Information Technology Analyst

**VISITORS:**

Jenna Moser  
Laura Mason-Smith  
Andrew MacDonald  
Habib Isaac  
Charles Hester  
Andy Sells

**PLEDGE OF ALLEGIANCE:**

Board President Caryl Sheehan led the Pledge of Allegiance.

**PUBLIC COMMENT:**

None.

**CONSENT CALENDAR:**

President Sheehan asked for consideration and/or approval of the Consent Calendar.

Minutes of the Special Meeting – March 20, 2019 (A)  
Minutes of the Regular Meeting – March 20, 2019 (A)  
Minutes of the Special Meeting – March 20, 2019 (A)

Recommendation: Approve the minutes of the March 20, 2019, Special and Regular Board of Directors Meetings.

Revenue Analysis Report for March 2019 (I)  
Assessor/Collector’s Roll Adjustment for March 2019 (I)  
Treasurer’s Report for March 2019 (I)  
Treasurer’s Report of Fund Balances for March 2019 (I)  
Operations Budget Analysis for March 2019 (I)  
Capital Projects Summary March 2019 (I)  
Warrants for March 2019 (A)  
CAL–Card Distributions for March 2019 (I)  
Summary of 2018 Employees and Directors Training Courses, Seminars and Conferences  
Employee Recognitions (I)  
Long Range Board Agenda (I)  
Engineering Department Report (I)  
Operations Department Report (I)  
2019 Water Supply – Purchased and Produced (I)  
Water Supply Reliability (I)  
Water Efficiency and Safety Program Update (I)  
Discussion and Possible Action to Approve an Agreement with Martin General Engineering, Inc. for the Pleasant View Drive and Quiet Oak Lane Water Main Project (A)

Recommendation: Accept the bid of Martin General Engineering, Inc. in the amount of \$459,910.00 and establish a contingency fund in the amount of \$45,991.00 (10%), for a total amount of \$505,901.00. Authorize the General Manager to execute an agreement with Martin General Engineering, Inc.

Discussion and Possible Action to Approve a Letter of Support for Senate Bill 134 (Hertzberg) (Water Loss Standards) (A)

Recommendation: Approve a letter of support for SB 134, Enforcement of Water Loss Standards.

**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67144	Fidelity National Title Company	Customer Refund	\$1,000.00
67145	Gordon H Wilfert	Customer Refund	\$9.03
67146	Aaron M/Michelle Y Larson	Customer Refund	\$128.35
67147	Keller Wiliams Realty	Customer Refund	\$198.88
67148	Rachel A Dugan	Customer Refund	\$220.68
67149	Veanne O'Neill	Customer Refund	\$26.61
67150	Jose A Ramirez Garcia	Customer Refund	\$7.19

**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67151	Sean/Heather Allen	Customer Refund	\$31.46
67152	James M Medeiros	Customer Refund	\$34.93
67153	ABA DABA Rentals & Sales	Supplies-Field	\$126.88
67154	AFLAC	Employee Paid Insurance	\$548.34
67155	Alexander's Contract Services	Contract Services-Meter Reads	\$2,013.82
67156	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
67157	Batteries Plus Bulbs	Small Tools	\$23.17
67158	California Landscape Associates Inc	Janitorial	\$200.00
67159	City of Citrus Heights	Permit Fees	\$1,500.00
67160	Robin Cope	Health Insurance	\$439.00
67161	Corix Water Products, Inc	Material	\$95.88
67162	Cybex	Equipment Rental-Office	\$166.07
67163	Dawson Oil Company	Gas & Oil	\$630.77
67164	Express Office Products Inc	Office Expense	\$27.75
67165	Government Finance Officers Association	Dues & Subscriptions	\$160.00
67166	Ferguson Enterprises Inc #1423	Material	\$6,011.44
67167	Holdcom	Telephone- Local/Long Distance	\$305.10
67168	Kei Window Cleaning #12	Janitorial	\$96.00
67169	Key West Holdings DBA Monster Contractor	Contract Services-Other	\$7,516.72
67170	Matthew Maxwell	Contract Services-Miscellaneous	\$1,500.00
67171	Moonlight BPO	Contract Services-Bill Print	\$5,074.85
67172	One Print Source & Graphics	Printing	\$46.33
67173	One Stop Truck Shop	Repair-Trucks	\$831.51
67174	Protection One Alarm Monitoring	Equipment Rental-Office	\$206.05
67175	Republic Services #922	Utilities	\$276.62
67176	Rescue Training Institute Inc	Contract Services-Other	\$100.00
67177	Regional Government Services	Contract Services-Other	\$3,927.95
67178	Sierra Office and Printing	Water Conservation- Materials/Supplies	\$2,489.00
67179	Sonitrol	Equipment Rental-Office	\$181.91
67180	Titan Workforce LLC	Contract Services-Temporary Labor	\$3,048.37
67181	Waxie Sanitary Supply	Office Expense	\$278.34
67182	Bart/Riebes Auto Parts	Repair-Trucks	\$226.97
67183	B&M Builders	Contract Services-Engineering	\$18,037.50
67184	Kirby's Pump and Mechanical, Inc	Wells Maintenance	\$9,800.00

**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67185	SMUD	Utilities	\$10,771.32
67186	Warren Consulting Engineers Inc	Contract Services-Engineering	\$20,250.00
67187	Henry/Norma J Atiles	Customer Refund	\$5.96
67188	Void	Void	\$0.00
67189	Paul W/Sandra L Taylor	Customer Refund	\$77.71
67190	James W/Amy L Brooks	Customer Refund	\$139.57
67191	James L Barnes	Customer Refund	\$64.10
67192	Robert S/Judy Christman	Customer Refund	\$76.67
67193	Mel/Christine Ingle	Customer Refund	\$14.31
67194	Patricia F Salazar	Customer Refund	\$8.02
67195	Jased Investments LLC	Customer Refund	\$29.50
67196	Lisa M Doyal	Customer Refund	\$62.77
67197	Enrique Medina Estate	Customer Refund	\$17.57
67198	Natalya/Sergey Poshelyuznyy	Customer Refund	\$109.43
67199	Lydia/Charles Tabb	Customer Refund	\$62.37
67200	Airgas USA, LLC	Supplies-Field	\$308.32
67201	Alexander's Contract Services	Contract Services-Meter Reads	\$6,910.86
67202	AnswerNet	Telephone-Answering Service	\$303.14
67203	Blue Jay Trucking LLC	Contract Services-Other	\$804.75
67204	Brake Masters #220	Repair-Trucks	\$71.98
67205	BSK Associates	Water Analysis	\$1,610.00
67206	Consolidated	Telephone- Local/Long Distance	\$1,835.45
67207	Corelogic Information Solutions Inc	Dues & Subscriptions	\$214.45
67208	Corix Water Products, Inc	Material	\$987.03
67209	County of Sacramento Municipal Services	Field Miscellaneous	\$75.00
67210	County of Sacramento	Permit Fees	\$174.00
67211	First Apostolic Church of Citrus Heights	Fixed Assets	\$887.50
67212	Future Ford	Repair-Trucks	\$794.17
67213	Global Machinery West	Fixed Assets	\$710.92
67214	Golden State Flow Measurement, Inc	Material	\$377.13
67215	Ferguson Enterprises Inc #1423	Material	\$263.99
67216	Indoor Environmental Services	Maintenance Agreement-Equipment	\$322.00
67217	J4 Systems	Contract Services-Other	\$1,987.50
67218	KBA Document Solutions, LLC	Equipment Rental-Office	\$374.43

**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67219	Key West Holdings DBA Monster Contractor	Contract Services-Other	\$1,925.82
67220	One Print Source & Graphics	Printing	\$310.43
67221	Protective Life Insurance Company	Disability & Life Insurance	\$2,121.53
67222	Les Schwab Tires	Repair-Trucks	\$105.00
67223	State Water Resources Control Board	Dues & Subscriptions	\$105.00
67224	Sylvan Ranch Community Garden	Contract Services-Water Conservation	\$180.00
67225	Titan Workforce LLC	Contract Services-Temporary Labor	\$2,064.14
67226	West Yost Associates	Contract Services-Engineering	\$1,096.00
67227	Zane Dezn	Tools/Equipment	\$1,254.21
67228	Gloria Vandervoort Trust	Customer Refund	\$9.29
67229	Midas Muffler	Customer Refund	\$1,814.99
67230	Mary J Wood	Customer Refund	\$85.56
67231	Void	Void	\$0.00
67232	Charles L Berglund	Customer Refund	\$200.67
67233	Mark & Heather Reed Living Trust	Customer Refund	\$9.36
67234	Northvale Trust	Customer Refund	\$225.00
67235	KBI General Contract	Customer Refund	\$1,443.60
67236	Void	Void	\$0.00
67237	Avalon Custodial Care	Janitorial	\$695.00
67238	Void	Void	\$0.00
67239	BSK Associates	Water Analysis	\$1,354.00
67240	Void	Void	\$0.00
67241	Ferguson Enterprises Inc #1423	Material	\$544.14
67242	Integrity Administrators Inc	Health Insurance	\$734.72
67243	KBA Document Solutions, LLC	Equipment Rental-Office	\$25.20
67244	Void	Void	\$0.00
67245	Lowe's	Supplies-Field	\$1,319.30
67246	Moonlight BPO	Contract Services-Bill Print	\$3,025.10
67247	Void	Void	\$0.00
67248	Pacific Gas & Electric	Utilities	\$195.49
67249	Prosio Communications	Contract Services-Miscellaneous	\$3,607.50
67250	SureWest Directories	Telephone- Local/Long Distance	\$49.00
67251	Void	Void	\$0.00
67252	Voyager Fleet Systems Inc	Gas & Oil	\$1,707.43

**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67253	Void	Void	\$0.00
67254	Coupe Family Trust	Customer Refund	\$19.00
67255	Hanson Family Trust	Customer Refund	\$67.66
67256	Kellis C/Alice J Bostick Trust	Customer Refund	\$75.52
67257	Community Dental Services	Customer Refund	\$225.00
67258	Kirchman Trust	Customer Refund	\$170.26
67259	Selective Ventures LLC	Customer Refund	\$20.98
67260	ABA DABA Rentals & Sales	Supplies-Field	\$651.89
67261	AREA Restroom Solutions	Equipment Rental-Field	\$119.81
67262	Bart/Riebes Auto Parts	Repair-Trucks	\$129.21
67263	California Society of Municipal Finance Officers	Dues & Subscriptions	\$30.00
67264	California Surveying & Drafting Supply	Small Tools	\$5.00
67265	City of Citrus Heights	Permit Fees	\$1,850.00
67266	David Clarke	Toilet Rebate Program	\$75.00
67267	Corix Water Products, Inc	Material	\$2,217.50
67268	James C Devine	Toilet Rebate Program	\$75.00
67269	Fast Action Pest Control	Contract Services-Miscellaneous	\$115.00
67270	FP Mailing Solutions	Equipment Rental-Office	\$164.86
67271	Jesus Genera	Customer Refund	\$225.00
67272	Giranis Steve	Toilet Rebate Program	\$75.00
67273	Ferguson Enterprises Inc #1423	Material	\$350.96
67274	Harris & Associates	Contract Services- Engineering	\$6,120.00
67275	Karelius, Michael R or Melissa M Karelius	Toilet Rebate Program	\$75.00
67276	Void	Void	\$0.00
67277	Rex Meurer	Water Conservation- Material/Supplies	\$69.57
67278	Moonlight BPO	Contract Services-Bill Print	\$5,983.24
67279	Netmotion Wireless Inc	Maintenance Agreement-Software	\$3,150.00
67280	Lawrence H/Judy A Orcutt	Toilet Rebate Program	\$150.00
67281	Pace Supply Corp	Material	\$1,126.24
67282	Petty Cash	Petty Cash	\$236.61
67283	Red Wing Shoe Store	Small Tools	\$964.40
67284	ReScape California	Contract Services-Conservation	\$3,500.00
67285	Sylvan Trailer & Supply	Repair-Trucks	\$1,820.00
67286	A. Teichert & Son, Inc.	Road Base	\$2,645.86



**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67287	Titan Workforce LLC	Contract Services-Temporary Labor	\$3,005.30
67288	Verizon Wireless	Telephone-Wireless	\$1,114.65
67289	Walker's Office Supplies	Office Expense	\$19.34
67290	Warren Consulting Engineers Inc	Contract Services-Engineering	\$4,250.00
67291	Kathryn Whitnack	Toilet Rebate Program	\$75.00
67292	Wolf Consulting	Contract Services-Other	\$500.00
67293	Zane Dezipn	Tools/Equipment	\$30.00
67294	Pace Supply Corp	Material	\$1,555.46
<b>Total</b>			<b>\$187,950.49</b>

ACH	Ferguson Enterprises Inc #1423	Material	\$19,238.51
ACH	Corix Water Products	Material	\$8,448.70
ACH	PERS 2/7/19 PAYDAY	PERS	\$20,431.34
ACH	PAYCHEX	Contract Services-Other	\$514.30
ACH	KEY WEST HOLDINGS DBA MONSTER CONTRACTOR	Contract Services-Other	\$2,464.43
ACH	WELLS FARGO APRIL 2019 INTEREST	Bank Fee	\$21,387.35
ACH	CALPERS 2019 CERB	Pers	\$116,186.00
ACH	ELAVON FEB 2019 FD	Bank Fee	\$119.98
ACH	MID AMERICA FEB/MARCH 2019	Employee Paid Insurance	\$417.08
ACH	US BANK I.M.P.A.C. GOVERNMENT SERVICES	See March Agenda Item CC-9	\$10,527.81
ACH	BANK OF THE WEST FEB-2019	Bank Fee	\$1,822.90
ACH	PERS 2/21/19 PAYDAY	PERS	\$20,396.60
ACH	PERS 3/7/19 PAYDAY	PERS	\$20,322.00
ACH	VALIC 3/7/19 PAYDAY	Deferred Compensation	\$2,796.75
ACH	VOYA 3/7/19 PAYDAY	Deferred Compensation	\$25.00
ACH	VOYA 3/21/19 PAYDAY	Deferred Compensation	\$25.00
<b>Total</b>			<b>\$245,123.75</b>

<b>Grand Total</b>			<b>\$433,074.24</b>
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**April Checks Approved at April Board Meeting**

67342	SMUD	Utilities	\$8,744.59
67341	MAZE & ASSOCIATES	Legal & Audit	\$12,294.00

**MARCH 2019 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67340	FERGUSON ENTERPRISES INC #1423	Material	\$26,032.40
ACH	US BANK I.M.P.A.C. GOVERNMENT SERVICES	See April Agenda Item CC-9	\$15,539.69
ACH	HARRIS & ASSOCIATES	PC-Engineer	\$75,261.65
<b>Total</b>			<u>\$137,872.33</u>

Employee Recognitions — Eighteen employees received recognition for attendance during February 2019, and eighteen were recognized for outstanding customer service and quality of work during the month of March 2019. Directors were provided with a list of the employees and items for which each received recognition.

The Long Range Board Agenda was provided showing Directors upcoming items scheduled for future Board Meetings.

Engineering Department Report

The Engineering and Capital Projects Department staff presented a report on the following activities during the month of March 2019:

<b>Items of Interest</b>	<b>Department</b>	<b>Project Team</b>	<b>Date</b>	<b>To Board? If so, Date</b>	<b>Strategic Planning Item</b>	<b>Item Description</b>	<b>Update from Last Report/ Current Status</b>
<b>PROJECT 2030 Water Main Replacement Project</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, 04/17/19 (60% Completion Update)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	Top Two Alternatives Selected. Market Research in progress.  CAC Workshop #6 occurred on 03/19/19.  CAC Workshop #7 to be held on 06/11/19.
<b>CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Staffing Plan kick-off meeting occurred on 03/27/19.  Staff is preparing Request for Proposal for next phase of the Project.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT Highland Ave &amp; Rosa Vista Ln 8" Water Mains</b>	Engineering	Senior Construction Inspector and Project Manager	On-going	Yes, 06/20/18 (Notice of Completion)	Yes	2017 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting.  Notice of Completion approved at 06/20/18 Board Meeting.  Easements being prepared by District.
<b>CAPITAL IMPROVEMENT PROJECT Wind Way and Longwood Way 8" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans complete.  Construction to be completed by District Operations staff.  Staff anticipates construction to begin in April 2019, pending weather.
<b>CAPITAL IMPROVEMENT PROJECT Pleasantview Dr 8" Water Main</b>	Engineering	Project Manager, Assistant Engineer and Senior Construction Inspector	On-going	Yes, 04/17/19 (Award of Contract)	Yes	2017 design, 2018 construction.	Request for Bids sent out on 03/14/19.  Mandatory Pre-bid meeting occurred on 03/28/19.  Bid opening scheduled for 04/08/19.
<b>CAPITAL IMPROVEMENT PROJECT Michigan Dr 8" &amp; 6" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/02/18.  Potholing completed. Preparing 90% plans.  Right-of-Way agent to begin easement process for the project.
<b>CAPITAL IMPROVEMENT PROJECT Old Auburn Rd - Daffodil to Wooddale 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Facilities request letters sent to Utilities on 09/20/18.  Survey completed on 12/24/18.  District to provide 60% mark-ups to Consultant.  Potholing to commence in April.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT Cologne Way 6" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Facilities request letters sent to Utilities on 09/20/18.  Survey completed on 12/24/18.  District to provide 60% mark-ups to Consultant.  Right-of-Way agent to begin easement process for the project.
<b>CAPITAL IMPROVEMENT PROJECT Quiet Oak Ln 8" Water Main</b>	Engineering	Project Manager, Assistant Engineer and Senior Construction Inspector	On-going	Yes, 04/17/19 (Award of Contract)	Yes	2017 design, 2018 construction.	Request for Bids sent out on 03/14/19.  Mandatory pre-bid meeting occurred on 03/28/19.  Bid opening scheduled for 04/08/19
<b>CAPITAL IMPROVEMENT PROJECT 6230 Sylvan Rd East Side Wall</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	No	Wall along the east side of District property.	Task Order executed with Engineer.  District to contact SJUSD regarding property.
<b>PRIVATE DEVELOPMENT Dignity Health Building - 7115 Greenback Ln</b>	Engineering	Engineering Manager and Senior Construction Inspector	On-going	Yes, TBD	No	Medical office building by developer.	Project complete.  District received easement on 02/27/19.  District to complete a Certificate of Acceptance for easement.
<b>PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Dr</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	No	200-300 unit development by Watt Communities.	Received initial submittal for the Mitchell Farms Subdivision Improvement Plans on 03/18/19.  District reviewing plans.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT Mitchell Farms Land Exchange - 7925 Arcadia Dr</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	No	Land Exchange of District's Well Site for development property.	Initial submittal for Well Site Improvement Plans received on 02/07/19.  District provided comments on initial submittal on 02/22/19.  Awaiting submittal from engineer.
<b>PRIVATE DEVELOPMENT Citrus Place Subdivision</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	7 lot subdivision located near Wachtel Way & Talbot Way.	Received updated plans from engineer on 04/30/18.  District sent back comments on 05/22/18.  Awaiting a resubmittal.
<b>PRIVATE DEVELOPMENT 12057 Fair Oaks Blvd Fair Oaks Senior Apartments</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Seniors apartment complex with 42 one bedroom and 68 two bedroom units.	Received Project Referral and proposed site plan on 11/13/18.  District sent Will Serve Letter on 12/04/18.  Awaiting first submittal from engineer.
<b>PRIVATE DEVELOPMENT 7581 Sycamore Dr - Parcel Split 1 - 3</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Plans signed on 09/19/18.  Awaiting construction.
<b>PRIVATE DEVELOPMENT 8053 Holly Dr Parcel Split 1 - 3</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Final plans signed and fees received on 05/10/18.  District Operations staff began construction on 09/25/18. 98% Complete.  Awaiting final street improvements before completion can occur.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT 8043 Holly Dr Parcel Split 1 - 3</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Received initial plans on 10/01/18.  District provided comments to the Engineer on 01/02/19.
<b>PRIVATE DEVELOPMENT 8116 Holly Dr Parcel Split 1 - 2</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 2 with 2 existing homes and meters.	Received Project Referral 11/16/18.  Conditions of Approval letter sent 11/28/18.
<b>PRIVATE DEVELOPMENT 7601 Sunrise Blvd The Human Bean</b>	Engineering	Engineering Manager and Senior Construction Inspector	On-going	No	No	Commercial Development.	District signed plans on 12/21/17.  Construction in progress.
<b>PRIVATE DEVELOPMENT 6920 Auburn Blvd Stock Ranch Plaza - Parcel 11</b>	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Received third submittal from engineer on 02/28/19.  Provided plan and easement comments to the engineer on 03/20/19.
<b>PRIVATE DEVELOPMENT 7030 Auburn Blvd Stock Ranch - Traffic Circulation</b>	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Final Acceptance Letter sent on 09/10/18.  Provided second round of comments on easements to engineer on 03/20/19.
<b>PRIVATE DEVELOPMENT 7766 Auburn Blvd Quick Slice</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent comments to City on 11/27/17.  Awaiting final plans from developer for District review.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT 8501 Auburn Blvd Big Lots</b>	Engineering	Senior Construction Inspector and Engineering Manager	On-going	No	No	Commercial Development.	Plans signed on 08/23/18.  Awaiting easements and the signed Common Area Maintenance Agreement from developer.  100% complete except for punchlist items.  City to provide Temporary Certificate of Occupancy week of 04/01/19.
<b>PRIVATE DEVELOPMENT 8501 Auburn Blvd Parcel Split</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Potential parcel split from one parcel to four parcels.	Sent conditions of approval letter on 09/06/18.  Waiting for the developer to prepare easements.
<b>PRIVATE DEVELOPMENT 8501 Auburn Blvd Studio Movie Grill</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Received second submittal from engineer on 03/25/19.  District reviewing plans.  Awaiting easements from developer.
<b>PRIVATE DEVELOPMENT 7424 Sunrise Blvd Sunrise Pointe</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Proposed multi-unit housing complex for low-income and homeless.	Received project referral and initial plans on 10/11/18.  Will-Serve letter sent 11/21/18.  Awaiting first plan submittal from engineer.
<b>PRIVATE DEVELOPMENT 7312 Veterans Ln</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home on a private street.	Sent review comments on 08/03/18.  Engineering sent cost estimate of improvements to owner on 10/30/18.  Awaiting payment from customer.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT Livoti Development</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Six Parcel Subdivision.	Received initial plans on 12/17/18.  District provided comments to the engineer on 03/12/19.
<b>COMCAST</b>	Engineering	Assistant Engineer and GIS Specialist	On-going	No	No	Various communications boring projects throughout the service area.	District has provided water utility maps for all requested projects.  Awaiting resubmittal from Comcast engineer.  Awaiting as-builts on all completed projects.
<b>CITY OF CITRUS HEIGHTS DRAINAGE PROJECT Highland Ave</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	Yes	Highland Ave Drainage Project	Field preconstruction meeting occurred on 03/28/19.  District to relocate water main in April 2019.
<b>CITY OF CITRUS HEIGHTS DRAINAGE PROJECT Wonder St</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Wonder St Drainage Project	Anticipate bid and start of construction in 2019. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts and possible easement.
<b>CITY OF CITRUS HEIGHTS PROJECT Bonita, Old Auburn Rd, &amp; Mariposa Ave Storm Drain Improvements</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Bonita Way, Old Auburn Rd, & Mariposa Ave Storm Drain Project.	Received 30% plans at the meeting with Dokken Engineering on 05/21/18.  District sent engineer data on 08/03/18.  Mariposa Ave Project - District to meet with the City to discuss project revisions.



Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase III</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	Yes	Frontage improvements along west side of Mariposa Ave from Northridge to Eastgate.	Received signed Utility Agreement. Start of construction in 2019.  Received plans for review on 05/17/18. Pre-bid meeting on 06/05/18.  District received revised plans on 01/30/19.  District verified previous plan changes were incorporated on 02/13/19.  District waiting to sign plans.
<b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase IV</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Frontage improvements along east side of Mariposa Ave from Madison Ave to Skycrest School.	Sent existing utility information to City's engineer.  Attended kick-off meeting with the City on 01/14/19.  Follow-up meeting with the City and engineer on 03/05/19.
<b>CALIFORNIA DEPT OF TRANSPORTATION Weigh Station at I-80 &amp; Antelope Rd</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Weigh station and off-ramp improvements.	Sent water facility maps and as-builts to engineer on 11/20/17.  Awaiting plans from CalTrans for District review.
<b>Annexations</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Annex properties into the District to clarify and revise District boundaries.	Staff is now working on a draft RFP for consultant services.  District submitted draft RFP for LAFCo review on 02/22/19.  Received LAFCo comments on RFP on 03/20/19.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>Easements</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Research and review District facility locations and easements for potential additions/revisions.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services.

Operations Department Report

Operations Manager Gordon reported as follows:

A total of 112 work orders were performed during the month of March by field operations crews, administration field crews and contractors. The results of recent bacteriological testing, a total of 72 samples, have met all California Department of Drinking Water (DDW) requirements.

2019 Water Supply – Purchased and Produced

The District’s total water use during the month of March 2019 (516.87 acre-feet) was 36.9 percent below that of March 2013 (819.55 acre-feet).

Water Supply Reliability

As of March 1, 2019, storage in Folsom Lake (Lake) was at 741,000 acre-feet, 76 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 148,800 acre-feet in the past month.

The District continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. The District’s groundwater production wells: Bonita, Skycrest, Mitchell Farms, and Sylvan, are operational and used on a rotational or as-needed basis. Other District groundwater production wells, Palm and Sunrise, are at various stages of repairs.

Water Efficiency Program Update

Water Efficiency, Safety and Meter Program activities during the month of March 2019 include:

- 14 High Efficiency Toilet (HET) rebates were processed for the month of March 2019. This compares to 7 HET rebates processed for the month of March 2018. The 5 year average (2014-2018) of February HET rebates is 18. A total of \$2,300.00 in HET rebates have been issued through year-to-date.
- A total of 10 High Efficiency Clothes Washer (HECW) rebates were issued during the fourth quarter of 2018. This compares to 3 HECW rebates issued for the fourth quarter of 2017. A total of 31 HECW rebated were issued during 2018. To better align with SMUD's schedule for reporting

monthly numbers, staff is reporting HECW rebates on a quarterly basis.

- 11 service calls were received during the month of March. There was 1 report of water waste received through CHWD’s Water Efficiency web page.
- Five WaterSmart classes are planned for 2019. The first class, titled “Getting Your Garden Growing This Spring” was held on Saturday, April 6, 2019. 32 people attended the class. The next two classes are scheduled for, Saturday, May 11, 2019 and Saturday, June 22, 2019. Topics will include tips and tricks for setting up an irrigation system, hands-on trouble shooting of common irrigation problems, and ways to properly feed and care for your summer garden. The first three classes are being held at the Citrus Heights Community Center.
- CHWD has secured three garden plots at the Sylvan Ranch Community Garden. The plots will feature water efficient landscaping, and serve as a backdrop for one or more water efficiency and/or community outreach events each year. Funding for the rental and maintenance of the garden plots is included in the 2019 budget.
- The second group safety presentation, in a series of eleven group safety presentations, was presented on Thursday, March 14. The topic was “Lightning and Severe Weather Safety”. The presenters included Dana Mellado, Management Services Specialist/Deputy Assessor Collector, Borey Swing, Engineering/GIS Specialist, and Chris Nichols, Water Resources Specialist. The third presentation was given on April 11, the topic was on “Fire Extinguisher Safety” and the presenters included Brittney Moore, Customer Service Technician II, Brian Hensley Water Resources Supervisor, and Tamar Dawson, Assistant Engineer.
- On Thursday April 11, the District completed recharging all of the fire extinguishers located at the District facilities. The fire extinguisher recharge is done on an annual basis in order to keep the equipment up to proper working standards.
- Respirator training and fit testing for staff was completed on Monday, April 8. The training is annual and keeps the District staff current with respirator maintenance and procedures.
- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for CHWD to date:

Month	R-GPCD	R-GPCD	% CHANGE
	2018	2019	
January	77	76	-.01%
February	85	72	-.15%
March	79	75	-.05%

Discussion and Possible Action to Approve Agreement with Martin General Engineering for Pleasant View Drive and Quiet Oak Lane Water Main Replacement Project

The Pleasant View Drive & Quiet Oak Lane Water Main Replacement Project (Project) will complete two (2) capital improvement projects that are part of the District's 1999-2030 Capital Improvement Plan. Those projects appear in the 2019 Capital Projects Budget as Pleasant View Drive (C17-101) and Quiet Oak Lane (C18-104). The Project includes installing and connecting approximately 1,560 linear feet of 8-inch water main, 105 linear feet of 6-inch water main, one (1) 12-inch gate valve, four (4) 8-inch gate valves, four (4) 6-inch gate valves, four (4) steamer fire hydrants, one (1) 1" air/vacuum valve, and twelve (12) 1-inch water services with curb stops along Pleasant View Drive and Quiet Oak Lane in the City of Citrus Heights.

The District received six (6) sealed proposals on April 8, 2019, at which time proposals were opened and read publicly. The apparent low bidder is Martin General Engineering, Inc., Rancho Cordova, CA. Bids received are as follows:

<b>1. Martin General Engineering, Inc.</b>	<b>\$459,910.00</b>
2. Rawles Engineering, Inc.	\$475,910.00
3. Lund Construction Company	\$484,473.50
4. C.E. Cox Engineering, Inc.	\$516,020.00
5. Flowline Contractors, Inc.	\$558,365.00
6. Blackrock Industries, Inc.	\$625,626.00

The District's final engineering estimate for this Project was \$500,801, which is approximately 8% higher than the lowest responsive bid. There are sufficient funds within the 2019 adopted capital projects budget for this Project.

Discussion and Possible Action to Approve a Letter of Support for State of California Senate Bill 134

Below is a list of recently passed water efficiency legislation:

- SB 555 Created Water Loss Standards and enforcement measures which acts as a stand-alone bill
- SB 606 & AB 1668 Created water efficiency standards and regulations, which includes water loss standards as an option of compliance to these bills
- SB 134 Water Loss Performance Standards: Enforcement. Streamlines compliance with SB 555 by allowing water loss standards and enforcement as a part of the of the water use objectives created by SB 606 & AB 1668

The State of California (State) Senate Bill (SB) 134, authored by State Senator Robert Hertzberg of San Fernando, would allow for the enforcement of water loss standards as part of the comprehensive water efficiency standards created by last year's legislation, SB 606 (Hertzberg) and AB 1668 (Friedman).

In the absence of this bill, agencies would face double jeopardy enforcement of water loss standards, from the current law, SB 555 (Wolk), and the enforcement of last year's conservation regulations, SB 606 and AB 1668. Without SB 134, agencies would be compelled to first comply with water loss standards, thus limiting an agency's options when complying with recent conservation regulations. SB 134 allows the District to keep local control of the available options when complying with recent legislation (SB 606 &

AB 1668).

Both the Association of California Water Agencies (ACWA) and the Regional Water Authority (RWA) support SB 134, as outlined in letters dated April 2, 2019 and March 1, 2019, respectively. Both ACWA and RWA encourage member agencies to adopt similar positions of support.

Staff stated that should the Board approve the letter of support, staff would distribute it to local State representatives and appropriate State Senate and Assembly committee members.

**ACTION:** Director Riehle moved and Director Wheaton seconded a motion to accept the Consent Calendar.

The motion carried 3-0 with all Directors voting yes.

**PRESENTATIONS:**

Project 2030 Water Main Replacement Study 60% Completion Update

Engineering Manager Pieri requested that the Board take up the Project 2030 Water Main Replacement Study – 60% Completion Update. The Project 2030 Leadership Team, Customer Advisory Committee Chair Jenna Moser, Engineering Manager Missy Pieri, Harris & Associates Project Managers Roger Kohne and Andrew MacDonald, Raftelis & Associates Project Manager Habib Isaac, Godbe Research representative Charles Hester, and Laura Mason-Smith of Mason-Smith Success Strategies provided an update on the status of the Project 2030 Water Main Replacement Study. This update highlighted previous activities and work completed, current status and next steps.

Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Update

Management Services Supervisor Castruita requested that the Board take up the ACWA/JPIA update. ACWA/JPIA Executive Director Andy Sells provided an overview of the services that ACWA/JPIA provides to CHWD, as well as opportunities for Board Member participation in ACWA/JPIA governance.

**STUDY SESSIONS:**

None.

**BUSINESS:**

None.

**MANAGEMENT SERVICES REPORTS:**

Meter Replacement Program Update

Operations Manager Gordon updated the Board on the consultant selection process for the Meter Replacement Program Planning Study and next steps.

**DIRECTORS' AND REPRESENTATIVES' REPORTS:**

Regional Water Authority (Riehle)  
No Report.

Sacramento Groundwater Authority (SGA) (Sheehan)

Board President Sheehan stated that at the most recent SGA meeting she learned that Rio Linda Elverta Water District Paul Green was appointed to the ACWA JPIA Captive. At the meeting, discussion focused on the proposed SGA budget for fiscal year 2019-2020. The Sustainable Groundwater Management Act (SGMA) implementation will leave a funding gap of approximately \$126,000. Board President Sheehan requested that staff obtain additional information on the type of information that would be included in a basin management report.

San Juan Water District (All)

General Manager Straus stated that at a recent meeting of the general managers of the San Juan family of agencies, discussion focused around a potential voluntary settlement agreement between the State and water agencies along the American River, a new generation water supply agreement, and a proposal to study opportunities for integration among the family of agencies.

Association of California Water Agencies (ACWA) (Riehle)  
No report.

ACWA Joint Powers Insurance Authority (JPIA) (Wheaton/Castruita)  
No report.

City of Citrus Heights (Pieri)

Engineering Manager Pieri stated that the City is working on two projects of significance to CHWD: a project along Highland Avenue to install storm drains, sidewalk, curb, and gutter; and the Mariposa Safe Routes to School project. She stated the Highland Avenue project is scheduled to begin within the next 3 weeks. The Safe Routes to School project will take place along Mariposa from Greenback on the north to Farmgate on the south.

Chamber of Commerce Update (Straus/Castruita/Meurer)

Management Services Supervisor stated that at the recent Chamber Government Affairs Committee meeting, County Supervisor Sue Frost's Chief of Staff Matt Hedges discussed the County's work to prepare for a State requirement to begin recycling 75% of organic food waste in 2020.

RWA Legislative and Regulatory Affairs Update (Castruita/Meurer)

Management Services Supervisor Castruita informed the Board that RWA Legislative and Regulatory Affairs Manager Ryan Ojakian recently contacted CHWD to see if we could set up a meeting with Assembly Member Ken Cooley surrounding Assembly Bill 217, a proposal to create a water tax to fund safe drinking water projects in low-income communities. In 2018, the Board passed a resolution opposing a water tax, and this bill is largely similar to

the proposal described in that resolution. The proposal would create a “fee” of 50 cent per connection per month be collected by the State Water Resources Control Board to fund safe drinking water programs. Staff reached out to Board President Sheehan, who agreed to participate in the meeting, and then worked with the Assembly Member’s staff to schedule a meeting for Monday, April 22, 2019 with RWA and ACWA representatives. Staff intends to relay to the negative impact such a measure could have on his constituents given that they all currently have access to safe drinking water, and provide information on SB 669, an alternative measure sponsored by ACWA.

**Customer Advisory Committee (CAC) (Riehle/Pieri)**

Engineering Manager Pieri stated that at the next meeting, scheduled for June 11, 2019 the CAC will review the results of the market research survey on the top two proposals selected at their March meeting.

**Other Reports**

Board President Sheehan distributed information sheets from the State Water Resources Control Board on various aspects of the Sustainable Groundwater Management Act.

General Manager Straus stated that he will be absent from the May Board meeting in order to attend a Citrus Heights Neighborhood Association meeting for Area 11.

Accounting Supervisor Preciado stated that at the May Board meeting staff intends to bring an item to update the District’s credit card provider, and requested input on whether the Board Members would want to receive District credit cards to pay for expenses related to meeting and conference expenses. The Board provided consensus direction to not request obtain credit cards for each individual Board member.

Management Services Supervisor Castruita reported that at present there is no business scheduled to occur at the August 2019 Board Meeting. Assuming that nothing is scheduled for that meeting, staff intends to cancel the Board Meeting.

**CLOSED SESSION:**

None.

**FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:**

Dates and locations of upcoming Regular Meetings of the Board of Directors were noted for the calendar.

**ADJOURNMENT:**

There being no other business to come before the Board, the meeting was adjourned at 9:13 pm.

APPROVED:

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CHRISTOPHER CASTRUITA  
Deputy Secretary  
Citrus Heights Water District

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RAYMOND A RIEHLE, Vice President  
Board of Directors  
Citrus Heights Water District



APRIL 2019

2019 REVENUE ANALYSIS

**Outstanding Receivables**

Aged Trial Balance					
Total	Current	31-90	91-150	>150	Unapplied Current
677,784	694,911	54,642	9,511	33,127	114,407

General Ledger Balance	Total
Outstanding A/R	786,724.76
Outstanding Liens	-
Outstanding Grants	1,247
Unclaimed Funds	(14,236)
Less Unapplied Payments	(115,907)
Total	\$ 657,829

**CITRUS HEIGHTS WATER DISTRICT  
ASSESSOR/COLLECTOR'S ROLL ADJUSTMENTS FOR  
April 30, 2019**

CC-03

Assessor/Collector Roll Adjustment April-19		
	Dollar	Count
<b>DEFAULT</b>		
One-Time Courtesy	\$ 61.53	12
<b>DEFAULT Total</b>	<b>\$ 61.53</b>	<b>12</b>
<b>3-DAY DOOR HANG</b>		
Bankruptcy	\$ 24.00	1
<b>3-DAY DOOR HANG Total</b>	<b>\$ 24.00</b>	<b>1</b>
<b>DISCONNECT CHG</b>		
Fedex Error	\$ 111.00	1
New Owner	\$ 111.00	1
<b>DISCONNECT CHG Total</b>	<b>\$ 222.00</b>	<b>2</b>
<b>Grand Total</b>	<b>\$ 307.53</b>	<b>15</b>

Reason For Cancellation	Charge Type	Amount
Bankruptcy	3-DAY DOOR HANG	24.00
One-Time Courtesy	DEFAULT	4.22
One-Time Courtesy	DEFAULT	13.43
One-Time Courtesy	DEFAULT	4.58
One-Time Courtesy	DEFAULT	4.01
One-Time Courtesy	DEFAULT	4.17
One-Time Courtesy	DEFAULT	4.23
One-Time Courtesy	DEFAULT	4.44
One-Time Courtesy	DEFAULT	4.34
One-Time Courtesy	DEFAULT	5.30
One-Time Courtesy	DEFAULT	4.34
One-Time Courtesy	DEFAULT	4.29
One-Time Courtesy	DEFAULT	4.18
Fedex Error	DISCONNECT CHG	111
New Owner	DISCONNECT CHG	111.00
		<u>307.53</u>
		<u>\$ 307.53</u>


**TREASURER'S REPORT TO THE BOARD OF DIRECTORS  
APRIL 2019**

<b>Bank of the West</b>			
<b>Beginning Balance</b>			\$6,832,660
<b>RECEIPTS:</b>		985,803	
<b>DISBURSEMENTS:</b>			
Checks Issued / ACH Payments	435,662		
Payroll	398,650		
Returned Checks	219		
		834,531	151,271
<b>Bank of the West</b>			
<b>Balance per Bank 04/30/2019</b>			6,983,931
Outstanding Checks			(132,428)
Deposit in Transit			48,726
<b>Balance Per Books 04/30/2019</b>			\$6,900,230
<hr/>			
<b>RECONCILEMENT:</b>			
Bank of the West			\$6,900,230
Local Agency Investment Fund			6,303,175
COP Reserve Account			544,979
Money Mkt Activity Account			537,559
<b>TOTAL BALANCE</b>			\$14,285,943

<b>CASH &amp; INVESTMENT SUMMARY:</b>		
Bank of the West (General Account)		\$6,900,230
Local Agency Investment Fund		6,303,175
COP 2010 Reserve Account		544,979
Money Mkt Activity Account		537,559
<b>Total</b>		\$14,285,943


INSTITUTION	MATURITY DATE	INT RATE	DEPOSIT AMOUNT	DATE OF LAST TRANSACTION
Local Agency Investment Fund	Daily	2.55%	39,292.23	4/15/2019

I certify that this report accurately reflects all pooled investments and is in compliance with applicable State of California Government Codes and is in conformity with Investment of District Funds Policy 6300. As Treasurer of the Citrus Heights Water District, I hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six months' estimated expenditures.



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**SUSAN K. SOHAL**  
Treasurer



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**HILARY M. STRAUS**  
Secretary

Signed: 5/9/19

## TREASURER'S REPORT OF FUND BALANCES

April 30, 2019

Fund Name	Beginning Balance 01/01/2019	Year to Date Transfers In / Collections	Year to Date Transfers Out	Current Month Transfers In / Collections	Current Month Transfers Out	Ending Balance 04/30/2019	2019 Target Balance per Policy
Operating Fund	\$ 2,395,731	\$ 3,512,880	\$ (2,968,099)	\$ 985,802.78	\$ (834,531.41)	\$ 3,091,784	\$ 2,334,017
Operating Reserve	\$ 3,493,065	\$ -	\$ -	\$ -	\$ -	\$ 3,493,065	N/A
Rate Stabilization Fund	\$ 934,000	\$ -	\$ -	\$ -	\$ -	\$ 934,000	\$ 1,000,000
Capital Improvement Reserve	\$ 3,822,445	\$ -	\$ -	\$ -	\$ -	\$ 3,822,445	\$ 2,681,248
Restricted for Debt Service	\$ 536,963	\$ -	\$ -	\$ -	\$ -	\$ 536,963	N/A
Water Supply Reserve	\$ 1,063,173	\$ -	\$ -	\$ -	\$ -	\$ 1,063,173	N/A
Water Efficiency Reserve	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ 225,000	\$ 200,000
Water Meter Replacement Reserve	\$ 1,325,000	\$ -	\$ -	\$ -	\$ -	\$ 1,325,000	N/A
Fleet Equipment Reserve	\$ 350,069	\$ -	\$ -	\$ -	\$ -	\$ 350,069	\$ 318,559
Employment-Related Benefits Reserve	\$ 223,228	\$ -	\$ -	\$ -	\$ -	\$ 223,228	\$ 1,079,527
	<u>\$ 14,368,674</u>	<u>3,512,880</u>	<u>\$ (2,968,099)</u>	<u>\$ 985,803</u>	<u>\$ (834,531)</u>	<u>\$ 15,064,727</u>	<u>\$ 7,613,351</u>




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 SUSAN K. SOHAL, Treasurer

**TREASURER'S REPORT OF FUND BALANCES**  
**April 30, 2019**

**Fund Transfers Summary:**

The Operating Fund Transferred:	\$ 985,803	from funds collected in April 2019 per Treasurer's Report
	<u>\$ (834,531)</u>	disbursements made in April 2019 per Treasurer's Report
	\$ 151,271	

Citrus Heights Water District  
Budget Performance Report  
As of 4/30/2019

CC-06

	April Actual	Year-to-Date Actual	Year-to-Date Budget	YTD Variance Amount	YTD Variance Percent	Annual Budget
Revenues						
Metered Service Charges	\$725,916.14	\$3,054,297.66	\$3,000,832.00	\$53,465.66	1.78%	\$9,002,494.00
Metered Water Deliveries	235,362.63	922,188.48	1,062,738.00	(140,549.52)	-13.23%	5,824,506.00
Non-Metered Service Charges	9,798.77	33,978.38	46,668.00	(12,689.62)	-27.19%	140,000.00
Penalties	4,658.34	20,194.19	27,369.00	(7,174.81)	-26.22%	150,000.00
Interest	42,235.49	52,795.33	33,332.00	19,463.33	58.39%	100,000.00
Backflow Fees	4,352.77	17,128.76	38,668.00	(21,539.24)	-55.70%	116,000.00
Water Service Install & S&R	16,101.74	21,068.74	9,100.00	11,968.74	131.52%	27,300.00
Grant Funds		1,350.00		1,350.00	0.00%	
Miscellaneous *	18,671.61	58,944.46	49,000.00	9,944.46	20.29%	147,000.00
Cost Reimbursements		6,078.26		6,078.26	0.00%	
Income - Wheeling Water		6,759.46	900.00	5,859.46	651.05%	2,700.00
Income - Connection Fees	30,492.00	37,268.00		37,268.00	0.00%	
Total Revenue	1,087,589.49	4,232,051.72	4,268,607.00	(36,555.28)	-0.86%	15,510,000.00
*includes Assessments, New Account, Back Charges & other Miscellaneous Revenue Sources						
Operating Expenses						
Cost of Water						
Purchased Water	699,338.46	1,286,571.46	1,149,882.36	136,689.10	11.89%	3,449,647.00
Ground Water	48,220.86	185,456.03	275,700.44	(90,244.41)	-32.73%	827,101.38
	747,559.32	1,472,027.49	1,425,582.80	46,444.69	3.26%	4,276,748.38
Labor & Benefits						
Labor Regular	233,416.53	913,881.49	1,061,500.28	(147,618.79)	-13.91%	3,184,500.80
Labor Taxes	17,671.67	68,725.78	82,928.60	(14,202.82)	-17.13%	248,785.84
Labor Workers Comp	19,748.64	19,748.64	26,966.68	(7,218.04)	-26.77%	80,900.00
Labor External	10,574.57	35,676.10	36,246.64	(570.54)	-1.57%	108,740.00
Benefits Med/Den/Vis	51,556.71	183,614.83	171,467.24	12,147.59	7.08%	514,401.70
Benefits LTD/Life/EAP	12,469.08	16,530.04	17,638.04	(1,108.00)	-6.28%	52,914.05
Benefits CalPers	10,373.55	49,246.94	99,107.08	(49,860.14)	-50.31%	297,321.29
Benefits Other	3,083.40	11,056.18	10,116.68	939.50	9.29%	30,350.00
Benefits OPEB		82,400.00		82,400.00	0.00%	
Benefit Retiree Expenses	4,193.00	16,536.50	17,518.00	(981.50)	-5.60%	52,554.00
Benefit Unemployment	81.42	3,233.34	3,080.00	153.34	4.98%	9,240.00
Benefit GASB 68		202,079.00	129,685.00	72,394.00	55.82%	389,055.00
Capitalized Labor & Benefit Contra	(32,538.60)	(143,237.28)	(183,333.32)	40,096.04	-21.87%	(550,000.00)
	330,629.97	1,459,491.56	1,472,920.92	(13,429.36)	-0.91%	4,418,762.68
General & Administrative						
Fees & Charges	11,374.51	29,256.27	63,698.32	(34,442.05)	-54.07%	191,095.00
Regulatory Compliance/Permits	2,726.75	59,588.10	28,355.00	31,233.10	110.15%	85,065.00
District Events & Recognition	5,251.37	9,699.21	21,613.32	(11,914.11)	-55.12%	64,840.00
Maintenance/Licensing	2,949.30	96,636.47	49,036.68	47,599.79	97.07%	147,110.00

Citrus Heights Water District  
Budget Performance Report  
As of 4/30/2019

CC-06

	April Actual	Year-to-Date Actual	Year-to-Date Budget	YTD Variance		Annual Budget
				Amount	Percent	
Equipment Maintenance	5,561.59	26,732.47	34,375.00	(7,642.53)	-22.23%	103,125.00
Professional Development	3,845.08	17,531.24	38,272.96	(20,741.72)	-54.19%	114,819.00
Department Admin	80.00	22.16	7,733.36	(7,711.20)	-99.71%	23,200.00
Dues & Subscriptions	448.99	86,176.37	53,314.00	32,862.37	61.64%	159,942.00
Facility Improvements	338.23	338.23		338.23	0.00%	
Fuel & Oil	3,218.15	3,178.91	18,700.00	(15,521.09)	-83.00%	56,100.00
General Supplies	4,810.66	11,804.99	15,733.32	(3,928.33)	-24.97%	47,200.00
Insurance - Auto/Prop/Liab		57,819.49	29,750.00	28,069.49	94.35%	89,250.00
Leasing/Equipment Rental	4,317.15	8,404.35	9,020.00	(615.65)	-6.83%	27,060.00
Parts & Materials	46,351.94	192,477.93	18,333.32	174,144.61	949.88%	55,000.00
Postage/Shipping/Freight	11,016.62	43,984.98	56,366.68	(12,381.70)	-21.97%	169,100.00
Rebates & Incentives	900.00	3,075.00	9,893.32	(6,818.32)	-68.92%	29,680.00
Telecom/Network	3,579.26	9,154.26	15,166.68	(6,012.42)	-39.64%	45,500.00
Tools & Equipment	3,790.26	12,100.64	36,683.32	(24,582.68)	-67.01%	110,050.00
Utilities	428.67	1,594.51		1,594.51	0.00%	
Write-Off Bad Debt Exp		70.20	1,666.68	(1,596.48)	-95.79%	5,000.00
Capitalized G&A Contra	(15,878.36)	(124,710.18)		(124,710.18)	0.00%	
Capitalized Equipment Contra	(25,288.34)	(119,881.50)		(119,881.50)	0.00%	
	<u>69,821.83</u>	<u>425,054.10</u>	<u>507,711.96</u>	<u>(82,657.86)</u>	<u>-16.28%</u>	<u>1,523,136.00</u>
Professional & Contract Services						
Support Services	76,975.27	231,080.92	567,559.00	(336,478.08)	-59.29%	1,702,677.00
Legal Services	34,446.84	20,571.78	100,000.00	(79,428.22)	-79.43%	300,000.00
Printing Services		6,045.67	12,316.68	(6,271.01)	-50.91%	36,950.00
	<u>111,422.11</u>	<u>257,698.37</u>	<u>679,875.68</u>	<u>(422,177.31)</u>	<u>-62.10%</u>	<u>2,039,627.00</u>
Reserves & Debt Services						
Interest Expense	12.65	17,878.12	40,875.01	(22,996.89)	-56.26%	122,625.01
Net Increase(Decrease) in Value of Investments		(5,907.73)		(5,907.73)	0.00%	
	<u>12.65</u>	<u>11,970.39</u>	<u>40,875.01</u>	<u>(28,904.62)</u>	<u>-70.71%</u>	<u>122,625.01</u>
<b>Total Operating Expenses</b>	<u><u>1,259,445.88</u></u>	<u><u>3,626,241.91</u></u>	<u><u>4,126,966.37</u></u>	<u><u>(500,724.46)</u></u>	<u><u>-12.13%</u></u>	<u><u>12,380,899.07</u></u>
<b>Net Income / (Expense)</b>	<u><u>(171,856.39)</u></u>	<u><u>605,809.81</u></u>	<u><u>141,640.63</u></u>	<u><u>464,169.18</u></u>	<u><u>327.71%</u></u>	<u><u>3,129,100.93</u></u>

Citrus Heights Water District  
 Capital Projects Summary  
 Fiscal Period End as of 4/2019

CC-7

Project Number	Project Name	BUDGET			AMOUNTS PAID			Remaining Budget
		Project Forecast Budget	Expenditures to 12/2018	Remaining Budget	Month to Date	Year to Date	Project to Date	
C15-102	Corporation Yard Improvements	\$330,097	\$111,419	\$218,678	\$2,604	\$6,237	\$117,656	\$101,022
C16-131	Wind Way and Longwood Way	\$327,158	\$23,128	\$304,030	\$1,500	\$1,511	\$24,639	\$279,391
C16-134	Auburn Blvd-Rusch Park Placer	\$10,000	\$609	\$9,391	\$0	\$0	\$609	\$8,781
C19-108	6230 Sylvan East Wall	\$250,000	\$0	\$250,000	\$2,000	\$2,432	\$2,432	\$247,568
<b>Construction in Progress</b>		<b>\$917,255</b>	<b>\$135,156</b>	<b>\$782,099</b>	<b>\$6,104</b>	<b>\$10,180</b>	<b>\$145,336</b>	<b>\$636,763</b>
C18-013	Water Meter Replacements	\$46,497	\$10,847	\$35,649	\$0	\$60,401	\$71,249	(\$35,599)
C19-010	Water Main Replacements	\$66,843	\$0	\$66,843	\$0	\$0	\$0	\$66,843
C19-011	Water Valve Replacements	\$148,540	\$0	\$148,540	\$4,091	\$18,097	\$18,097	\$130,443
C19-012	Water Service Connections	\$957,700	\$0	\$957,700	\$81,811	\$243,958	\$243,958	\$713,742
C19-013	Water Meter Replacements	\$129,086	\$0	\$129,086	\$1,633	\$16,733	\$16,733	\$112,353
C19-014	Fire Hydrants	\$159,150	\$0	\$159,150	\$1,922	\$54,322	\$54,322	\$104,828
<b>Annual Infrastructure</b>		<b>\$1,507,816</b>	<b>\$10,847</b>	<b>\$1,496,969</b>	<b>\$89,457</b>	<b>\$393,511</b>	<b>\$404,359</b>	<b>\$1,092,610</b>
C15-104B	Document Management System	\$250,000	\$5,361	\$244,639	\$0	\$0	\$5,361	\$239,278
C18-003	Fleet/Field Operations Equip	\$39,183	\$0	\$39,183	\$0	\$32,249	\$32,249	\$6,935
C18-004	Technology Hardware/Software	\$5,685	(\$5,685)	\$5,685	\$0	\$13,123	\$7,438	(\$1,753)
C19-003	Fleet/Field Operations Equip	\$295,000	\$0	\$295,000	\$0	\$2,883	\$2,883	\$292,117
C19-004	Technology Hardware/Software	\$10,000	\$0	\$10,000	\$0	\$0	\$0	\$10,000
<b>Fleet and Equipment</b>		<b>\$599,868</b>	<b>(\$324)</b>	<b>\$594,508</b>	<b>\$0</b>	<b>\$48,254</b>	<b>\$47,930</b>	<b>\$546,578</b>
C15-109	Blossom Hill Way 6" & 10" Inte	\$27,777	\$0	\$27,777	\$0	\$0	\$0	\$27,777
C15-110	Crestmont Ave 6" Intertie	\$24,288	\$0	\$24,288	\$0	\$91	\$91	\$24,197
C17-101	Pleasant View Dr-Oak to Poppy	\$180,890	\$12,966	\$167,924	\$2,367	\$20,179	\$33,144	\$134,780
C17-102	Michigan Dr - Sunrise to West	\$249,258	\$12,963	\$236,295	\$974	\$1,614	\$14,578	\$221,717
C18-102	Thunderhead Cir 8in Main Rplc	\$157,407	\$5,616	\$151,791	\$0	\$61	\$5,677	\$146,114
C18-103	Cologne Way 6in Main Replace	\$220,471	\$267	\$220,204	\$3,333	\$10,457	\$10,723	\$209,481
C18-104	Quiet Oak Ln 8in Main Oak S	\$127,654	\$222	\$127,432	\$636	\$13,265	\$13,487	\$113,945
C18-105	Old Auburn Rd Dafodil Wooddale	\$150,465	\$311	\$150,154	\$725	\$5,731	\$6,042	\$144,112



Citrus Heights Water District  
 Capital Projects Summary  
 Fiscal Period End as of 4/2019

CC-7

Project Number	Project Name	BUDGET			AMOUNTS PAID			Remaining Budget
		Project Forecast Budget	Expenditures to 12/2018	Remaining Budget	Month to Date	Year to Date	Project to Date	
C19-101	Robie Way 8" Main Replacement	\$26,846	\$0	\$26,846	\$0	\$0	\$0	\$26,846
C19-102	Patton 8" Main Repl Watson/Nth	\$67,679	\$0	\$67,679	\$823	\$1,043	\$1,043	\$66,636
C19-103	Watson 8" Main Repl Sherlock	\$406,401	\$0	\$406,401	\$435	\$655	\$655	\$405,746
C19-104	Admiral MainRepl 8"	\$30,310	\$0	\$30,310	\$0	\$0	\$0	\$30,310
C19-105	Whyte MainRepl 8" Langley	\$83,235	\$0	\$83,235	\$0	\$0	\$0	\$83,235
C19-106	Wells Ave Main 8"	\$22,460	\$0	\$22,460	\$290	\$290	\$290	\$22,170
C19-107	Rowan MainRep 8/6" Grady	\$28,419	\$0	\$28,419	\$0	\$0	\$0	\$28,419
<b>Water Mains</b>		<b>\$1,803,560</b>	<b>\$32,345</b>	<b>\$1,771,215</b>	<b>\$9,581</b>	<b>\$53,384</b>	<b>\$85,729</b>	<b>\$1,685,486</b>
C17-103	Operations Building Remodel	\$50,000	\$19,322	\$30,678	\$1,857	\$1,857	\$21,180	\$9,498
C19-005	Facilities Improvements	\$130,000	\$0	\$130,000	\$2,119	\$21,051	\$21,051	\$108,949
C19-005A	Admin Boardroom Audio System	\$10,000	\$0	\$10,000	\$0	\$9,584	\$9,584	\$416
C19-040	Other City Partnerships	\$100,000	\$0	\$100,000	\$0	\$627	\$627	\$99,373
C19-040A	Highland Rinconada Drainage	\$0	\$0	\$0	\$18,649	\$18,649	\$18,649	(\$18,649)
C19-040B	Mariposa SR2S Phase III	\$0	\$0	\$0	\$61	\$61	\$61	(\$61)
C19-040C	Mariposa Ave SR2S Phase IV	\$0	\$0	\$0	\$276	\$276	\$276	(\$276)
C19-041	Other Misc Infrastructure	\$50,000	\$0	\$50,000	\$0	\$70,512	\$70,512	(\$20,512)
<b>Miscellaneous Projects</b>		<b>\$340,000</b>	<b>\$19,322</b>	<b>\$320,678</b>	<b>\$22,962</b>	<b>\$122,617</b>	<b>\$141,940</b>	<b>\$178,738</b>
C17-104	Groundwater Well Property Acq	\$640,000	\$189,875	\$450,125	\$212	\$2,622	\$192,497	\$257,627
C17-104A	Well #7 Patton	\$250,000	\$18,261	\$231,739	\$1,263	\$4,038	\$22,299	\$209,440
C17-104B	Well #8 Highland	\$0	\$0	\$0	\$888	\$2,663	\$2,663	(\$2,663)
C18-020	Groundwater Well Improvements	\$59,289	\$8,499	\$50,790	\$0	\$11,726	\$20,225	\$30,566
C19-020	Groundwater Well Improvements	\$175,000	\$0	\$175,000	\$0	\$0	\$0	\$175,000
<b>Wells</b>		<b>\$1,124,289</b>	<b>\$216,635</b>	<b>\$907,654</b>	<b>\$2,362</b>	<b>\$21,048</b>	<b>\$237,683</b>	<b>\$669,971</b>
<b>Grand Totals:</b>		<b>\$6,292,788</b>	<b>\$446,361</b>	<b>\$5,873,122</b>	<b>\$130,466</b>	<b>\$648,994</b>	<b>\$1,095,355</b>	<b>\$4,810,146</b>

## APRIL 2019 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67295	William G/Azell A Shirley	Customer Refund	\$7.44
67296	Keller Family Trust	Customer Refund	\$17.11
67297	Texas Lee Smith	Customer Refund	\$82.73
67298	Stephen M Gower	Customer Refund	\$42.00
67299	Randy/April Burkhalter	Customer Refund	\$64.00
67300	Ann R Bakarich	Customer Refund	\$25.49
67301	Brock J. Daniels	Customer Refund	\$48.72
67302	Jian Ying Chen	Customer Refund	\$206.50
67303	ABA DABA Rentals & Sales	Supplies-Field	\$522.58
67304	AIA Services, LLC/NDS	Water Conservation-Materials/Supplies	\$1,561.61
67305	Alexander's Contract Services	Contract Services-Meter Read	\$1,653.64
67306	Associated Sound	Contract Services-Other	\$3,676.15
67307	Bart/Riebes Auto Parts	Repair-Trucks	\$122.37
67308	Best Best & Krieger	Legal & Audit	\$7,785.91
67309	Blue Jay Trucking LLC	Contract Services-Other	\$652.50
67310	California Choice Benefit Administrators	Health Insurance	\$41,645.40
67311	California Landscape Associates Inc	Janitorial	\$200.00
67312	City of Citrus Heights	Permit Fees	\$2,213.75
67313	Robin Cope	Health Insurance	\$422.30
67314	Corix Water Products, Inc	Material	\$848.00
67315	Cybex	Equipment Rental-Office	\$166.07
67316	Dawson Oil Company	Gas & Oil	\$1,885.54
67317	Ditch Witch	Equipment Maintenance	\$1,291.71
67318	First Apostolic Church of Citrus Heights	Fixed Assets	\$887.50
67319	Grainger	Small Tools	\$281.71
67320	J4 Systems	Contract Services-Other	\$1,085.00
67321	Kei Window Cleaning #12	Janitorial	\$96.00
67322	Key West Holdings DBA Monster Contractor	Contract Services-Other	\$2,722.25
67323	McCampbell Analytical, Inc	Wells Maintenance	\$3,025.00
67324	One Stop Truck Shop	Repair-Trucks	\$2,882.51
67325	USPS	Postage	\$268.00
67326	Protection One Alarm Monitoring	Equipment Rental-Office	\$206.05
67327	Republic Services #922	Utilities	\$278.35
67328	Regional Government Services	Contract Services-Other	\$150.00
67329	RW Trucking	Contract Services-Miscellaneous	\$634.74
67330	Sonitrol	Equipment Rental-Office	\$181.91
67331	Walker's Office Supplies	Office Expense	\$204.67
67332	WaterWise Consulting, Inc	Contract Services-Water Conservation	\$187.00
67333	Warren Consulting Engineers Inc	Contract Services-Engineering	\$4,500.00
67334	West Yost Associates	Contract Services-Engineering	\$1,081.00
67335	Wolf Consulting	Contract Services-Other	\$375.00
67336	World Environment & Energy Inc	Contract Services-Miscellaneous	\$403.71
67337	City of Citrus Heights	Permit Fees	\$800.00
67338	City of Citrus Heights	Permit Fees	\$1,500.00
67339	City of Citrus Heights	Permit Fees	\$1,100.00
67340	Ferguson Enterprises Inc #1423	Material	\$26,032.40

## APRIL 2019 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67341	Maze & Associates	Legal & Audit	\$12,294.00
67342	SMUD	Utilities	\$8,744.59
67343	Morgan Trust	Customer Refund	\$21.44
67344	Sean P/Elizabeth A Rohan	Customer Refund	\$91.63
67345	Valentin/Mariya Bodnar	Customer Refund	\$17.60
67346	Peter/Phyllis Adams	Customer Refund	\$50.82
67347	Valerie J Mackey	Customer Refund	\$76.41
67348	Louis P & Colleen A Lyon Trust	Customer Refund	\$24.67
67349	Amanda D Davidson	Customer Refund	\$35.68
67350	Guardian Asset Management	Customer Refund	\$227.58
67351	A&A Stepping Stone Manufacturing	Supplies-Field	\$237.05
67352	Best Best & Krieger	Legal & Audit	\$7,899.50
67353	Corelogic Information Solutions Inc	Dues & Subscriptions	\$200.00
67354	Harris Industrial Gases	Supplies-Field	\$1,734.78
67355	J4 Systems	Contract Services-Other	\$3,148.75
67356	Matthew Maxwell	Contract Services-Miscellaneous	\$1,500.00
67357	Moonlight BPO	Contract Services-Bill Print/Mail	\$4,549.14
67358	One Print Source & Graphics	Printing	\$3,199.91
67359	Principal Life Insurance Company	Health Insurance	\$23,609.79
67360	Sutter Medical Foundation-Corporate	Contract Services-Other	\$320.33
67361	Titan Workforce LLC	Contract Services-Temporary Labor	\$4,396.07
67362	Walker's Office Supplies	Office Expense	\$8.88
67363	Norman E Dionne	Customer Refund	\$24.96
67364	Spatzal Revocable Living Trust	Customer Refund	\$92.75
67365	Mechelle A Cook/ Wendell & Carolyn Peart	Customer Refund	\$146.26
67366	Mary Hall	Customer Refund	\$80.29
67367	Adrienne A Wright Souza	Customer Refund	\$6.77
67368	Rosemary B Gorman Trust	Customer Refund	\$119.61
67369	Larry R Buntrock	Customer Refund	\$67.20
67370	M Jessica Rankin	Customer Refund	\$8.32
67371	Chris/Stacy Kilpatrick	Customer Refund	\$15.99
67372	Toya Vogt	Customer Refund	\$18.58
67373	Thomas S/Dixie M Fletcher	Customer Refund	\$55.52
67374	Mary Klaas Schultz	Customer Refund	\$105.33
67375	Inna Abramovich	Customer Refund	\$5.60
67376	Effat Youssef	Customer Refund	\$33.68
67377	Jill M Young	Customer Refund	\$208.34
67378	Mylinh Nguyen	Customer Refund	\$86.33
67379	Irina Motronchik	Customer Refund	\$108.09
67380	Enrique De La Cruz	Customer Refund	\$285.47
67381	Becky Padilla	Customer Refund	\$230.49
67382	Jennifer J Wilkinson	Customer Refund	\$58.68
67383	Jeffrey J Presti	Customer Refund	\$101.95
67384	Lola J Wagner/ Michael T. Wagner	Customer Refund	\$22.31
67385	Erick/Amelia Kutylowski	Customer Refund	\$12.14
67386	ABA DABA Rentals & Sales	Supplies-Field	\$78.65

## APRIL 2019 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67387	ADA Compliance Consultants Inc	Contract Services-Miscellaneous	\$1,546.74
67388	Alexander's Contract Services	Contract Services-Meter Read	\$6,880.50
67389	AnswerNet	Telephone-Answering Service	\$277.35
67390	Best Best & Krieger	Legal & Audit	\$6,304.50
67391	BSK Associates	Water Analysis	\$826.00
67392	City of Citrus Heights	Permit Fees	\$750.00
67393	Consolidated	Telephone -Local/Long Distance	\$1,838.96
67394	Robin Cope	Health Insurance	\$16.70
67395	Core & Main LP	Material	\$2,191.56
67396	County of Sacramento	Permit Fees	\$87.00
67397	Dawson Oil Company	Gas & Oil	\$691.79
67398	Tamar Dawson	Continued Education	\$65.92
67399	Ferguson Enterprises Inc #1423	Material	\$689.72
67400	KBA Document Solutions, LLC	Equipment Rental-Office	\$374.43
67401	Kiwanis of Citrus Heights	Continued Education	\$454.00
67402	Lowe's	Supplies-Field	\$1,352.37
67403	Pace Supply Corp	Material	\$4,766.48
67404	Placer County Recorder	Recording Fees	\$250.00
67405	Regional Government Services	Contract Services-Other	\$300.00
67406	River City Fire Equipment	Repair-Equipment/Hardware	\$1,066.82
67407	SureWest Directories	Telephone-Local/Long Distance	\$49.00
67408	Titan Workforce LLC	Contract Services-Temporary Labor	\$3,562.48
67409	United Rentals (North America) Inc	Equipment Rental-Field	\$1,249.97
67410	Walker's Office Supplies	Office Expense	\$52.38
67411	WaterWise Consulting, Inc	Contract Services-Water Conservation	\$700.00
67412	Warren Consulting Engineers Inc	Contract Services-Engineering	\$4,500.00
67413	West Coast Arborists, Inc	Contract Services-Miscellaneous	\$2,848.00
67414	Veronica M Sorgi	Customer Refund	\$43.25
67415	Rebecca E Vassar	Customer Refund	\$58.52
67416	Richard L/Patricia M Filson	Customer Refund	\$221.01
67417	Jaffe Family Trust	Customer Refund	\$17.31
67418	Danny R Sheffield	Customer Refund	\$30.12
67419	Leland P Combs	Customer Refund	\$57.35
67420	Peter Kukharets	Customer Refund	\$127.57
67421	Keefer Family Trust	Customer Refund	\$29.47
67422	Buyng R Lee	Customer Refund	\$19.14
67423	Jessie Baker	Customer Refund	\$8.99
67424	Jeffrey A Danner	Customer Refund	\$62.39
67425	Stonewood Group LLC	Customer Refund	\$31.76
67426	Tresha Investments LLC	Customer Refund	\$37.60
67427	Ann Beetham	Customer Refund	\$206.97
67428	ABA DABA Rentals & Sales	Supplies-Field	\$292.25
67429	Alexander's Contract Services	Contract Services-Meter Read	\$2,013.13
67430	AREA Restroom Solutions	Equipment Rental-Field	\$119.81
67431	Avalon Custodial Care	Janitorial	\$695.00
67432	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30

APRIL 2019 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67433	Bart/Riebes Auto Parts	Repair-Trucks	\$154.70
67434	Best Best & Krieger	Legal & Audit	\$7,986.80
67435	Corix Water Products, Inc	Material	\$4,438.23
67436	Sacramento County Utilities	Utilities	\$190.10
67437	Fast Action Pest Control	Contract Services-Miscellaneous	\$115.00
67438	First Apostolic Church of Citrus Heights	Fixed Assets	\$887.50
67439	Integrity Administrators Inc	Health Insurance	\$5,000.00
67440	J4 Systems	Contract Services-Other	\$1,260.00
67441	KBA Document Solutions Inc	Equipment Rental-Office	\$1,263.34
67442	Moonlight BPO	Contract Services-Bill Print/Mail	\$5,305.16
67443	Pace Supply Corp	Material	\$477.25
67444	Pacific Gas & Electric	Utilities	\$238.57
67445	Regional Government Services	Contract Services-Other	\$1,857.25
67446	SAWWA	Dues & Subscriptions	\$100.00
67447	Les Schwab Tires	Repair-Trucks	\$610.33
67448	Sierra Safety	Small Tools	\$62.50
67449	Sonsray Machinery, LLC	Fixed Assets	\$25.38
67450	SureWest Directories	Telephone-Local/Long Distance	\$49.00
67451	A. Teichert & Son, Inc.	Road Base	\$1,115.12
67452	Titan Workforce LLC	Contract Services-Temporary Labor	\$4,011.76
67453	Verizon Wireless	Telephone-Wireless	\$1,005.30
67454	Voyager Fleet Systems Inc	Gas & Oil	\$2,526.36
67455	Walker's Office Supplies	Office Expense	\$61.34
<b>Total</b>			<u>\$275,335.85</u>
ACH	INVOICE CLOUD	Bank Fee	\$4,909.30
ACH	HARRIS & ASSOCIATES	Contract Services-Engineering	\$75,261.65
ACH	BANK OF THE WEST	Bank fee	\$1,784.70
ACH	Void	Void	\$0.00
ACH	MARCH 2019 CHASE	Bank Fee	\$2,185.31
ACH	MARCH 2019 FD	Bank Fee	\$219.97
ACH	MARCH S. FEE PAYCHEX	Contract Services-Other	\$425.20
ACH	PRINCIPAL LIFE INSURANCE MAY 2019	Health Insurance	\$8,021.07
ACH	Void	Void	\$0.00
ACH	US BANK I.M.P.A.C. GOVERNMENT SERVICES	See May Agenda Item CC-9	\$5,306.03
ACH	VALIC 4/18/19 PAYDAY	Deferred Compensation	\$2,796.75
ACH	VALIC 4/4/19 PAYDAY	Deferred Compensation	\$2,796.75
ACH	VOYA 4/4/19 PAYDAY	Deferred Compensation	\$25.00
ACH	VOYA 4/18/19 PAYDAY	Deferred Compensation	\$25.00
ACH	US BANK I.M.P.A.C. GOVERNMENT SERVICES	See April Agenda Item CC-9	\$15,539.69
Total			<u>\$119,296.42</u>
<b>Grand Total</b>			<u><u>\$394,632.27</u></u>

May Checks Approved at May Board Meeting

ACH	CORIX WATER	Material	\$10,757.78
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APRIL 2019 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
ACH	GROENIGER	Material	\$13,661.52
ACH	HARRIS & ASSOCIATES	Contract Services-Engineering	\$32,453.56
67506	ACWA/JPIA	Workers Comp Insurance	\$19,748.64
67507	Central Valley Engineering & Asphalt, Inc.	Contract Services-Paving	\$41,997.25
67508	Elk Grove Auto Group Inc	Fixed Assets	\$24,326.85
67509	Raftelis	Contract Services-Miscellaneous	\$12,892.32
67510	San Juan Water District	Purchased Water	\$633,163.46
67511	SMUD	Utilities	\$9,090.08
<b>Total</b>			<u>\$798,091.46</u>

**US BANK - CAL-Card Distributions  
Apr-19**

<b>Name</b>	<b>Dues &amp; Subscriptions</b>	<b>Supplies</b>	<b>Postage</b>	<b>Office - Expense</b>	<b>Capital Project (CIP)</b>	<b>Repair - Truck</b>	<b>Continued Education</b>	<b>Meeting Accommodations</b>	<b>Tools</b>	<b>Maint. Agrmt. - Software</b>	<b>Total Bill</b>
Henry	\$ 468.00						\$ 741.67	\$ 225.15			\$ 1,434.82
Spiers			\$ 2.95	\$ 102.01							\$ 127.21
Straus	\$ 12.99							\$ 79.94			\$ 92.93
Shockley		\$ 560.58	\$ 80.85	\$ 292.12	\$ 341.71		\$ 672.00	\$ 640.14	\$ 576.33		\$ 3,271.09
Ott										\$ 250.00	\$ 250.00
Gordon						\$ 85.99					\$ 85.99
<b>Total Bill</b>	<b>\$ 480.99</b>	<b>\$ 560.58</b>	<b>\$ 83.80</b>	<b>\$ 394.13</b>	<b>\$ 341.71</b>	<b>\$ 129.98</b>	<b>\$ 1,413.67</b>	<b>\$ 945.23</b>	<b>\$ 576.33</b>	<b>\$ 250.00</b>	<b>\$ 5,306.03</b>

**Citrus Heights Water District**  
 2019 Staff Training Courses/Seminars/Conferences  
 as of 5/9/2019

**DIRECTORS**

Date	Days	Topic	Organizing Agency	Location	Attendee	Total Expenses	Registration	Hotel	Meals	Transportation
5/7/19-5/10/19	3	ACWA Spring Conference	ACWA	Monterey, CA	Caryl Sheehan	725.00	725.00	-	-	-
5/7/19-5/10/19	3	ACWA Spring Conference	ACWA	Monterey, CA	David Wheaton	725.00	725.00	-	-	-
5/7/19-5/10/19	3	ACWA Spring Conference	ACWA	Monterey, CA	Ray Riehle	725.00	725.00	-	-	-

**Total - Directors 2,175.00**

**STAFF**

Date	Days	Topic	Organizing Agency	Location	Attendee	Total Expenses	Registration	Hotel	Meals	Transportation
1/8/19-1/11/19	4	CSMFO Convention	CSMFO	Palm Springs, CA	Susan Sohal	1,459.06	370.00	697.32	46.14	345.60
1/8/19-1/11/19	4	CSMFO Convention	CSMFO	Palm Springs, CA	Alberto Preciado	1,333.38	370.00	697.32	46.15	219.91
1/14/19-1/16/19	3	Cappo Conference	CAPPO	Sacramento, CA	Beth Shockley	486.19	349.00	-	-	137.19
2/10/19-2/13/19	4	Parma Conference	Parma	Anaheim, CA	Chris Castruita	1,907.42	350.00	610.74	179.39	767.29
2/10/19-2/13/19	4	Parma Conference	Parma	Anaheim, CA	Madeline Henry	1,337.50	320.00	610.74	92.44	314.32
4/8/19-4/11/19	4	Capio Conference	Capio	San Diego, CA	Madeline Henry	1,527.22	530.00	645.78	95.74	255.70
7/7/19-7/10/19	4	Esri Conference	Esri	San Diego, CA	Borey Swing	784.39	-	784.39	-	-
7/7/19-7/10/19	5	Esri Conference	Esri	San Diego, CA	Jeff Ott	980.49	-	980.49	-	-
5/7/19-5/10/19	3	ACWA Spring Conference	ACWA	Monterey, CA	Hilary Straus	725.00	725.00	-	-	-
5/7/19-5/10/19	3	ACWA Spring Conference	ACWA	Monterey, CA	Missy Pieri	725.00	725.00	-	-	-
5/7/19-5/10/19	3	ACWA Spring Conference	ACWA	Monterey, CA	Susan Sohal	725.00	725.00	-	-	-
5/14/19-5/17/19	3	Peer to Peer	Calwep	Anaheim, CA	Rex Meurer	543.81	266.85	-	-	276.96
6/23/16-6/25/19	3	General Manager Leadership Summit	CSDA	Newport Beach, CA	Hilary Straus	737.98	625.00	-	-	112.98
6/23/16-6/25/19	3	General Manager Leadership Summit	CSDA	Newport Beach, CA	Susan Sohal	625.00	625.00	-	-	-
6/23/16-6/25/19	3	General Manager Leadership Summit	CSDA	Newport Beach, CA	Chris Castruita	625.00	625.00	-	-	-
6/23/16-6/25/19	3	General Manager Leadership Summit	CSDA	Newport Beach, CA	Madeline Henry	625.00	625.00	-	-	-

**Total - Staff 15,147.44**

**Grand Total 17,322.44**



# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

**SUBJECT** : EMPLOYEE RECOGNITION  
**STATUS** : Information Item  
**REPORT DATE** : May 7, 2019  
**PREPARED BY** : Christopher Castruita, Management Services Supervisor/Chief Board Clerk  
                   : Madeline Henry, Management Services Specialist/Deputy Board Clerk

The following District employees were recognized for perfect attendance during March 2019, and outstanding customer service and quality of work during the month of April 2019.

### Administrative Services & Water Efficiency Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Chris Castruita	Yes	For assisting Finance by completing agreement with Bartel on short notice and under deadline.	Work on the ICMA-RC 457b Deferred Compensation staff report.  Coordinated a meeting with Assemblymember Ken Cooley.
Brady Chambers	Yes	Attended April 6 WaterSmart Class.	
Madeline Henry	Yes	Assisted with prep for April 6 WaterSmart Class.	Work on the ICMA-RC 457b Deferred Compensation staff report.  Communications proposal review.
Dana Mellado	Yes		Assisting IT with testing for the Great Plains/ Cogsdale Upgrade.
Rex Meurer	Yes		Communications proposal review.
Brittney Moore	Yes		Developed a workload management spreadsheet.
Jeff Ott	Yes		Worked off hours to assist in emergency technology assistance.

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Alberto Preciado	Yes	Attended April 17, 2019 Board Meeting.	
Beth Shockley	Yes	Assisted with prep for April 6 WaterSmart Class.	Provided research support for agenda redesign under a tight deadline.  Assisting IT with testing for the Great Plains/ Cogsdale Upgrade.
Desiree Smith		Assisted in completion of month-end closing process after staffing shortage.	Communications proposal review.

**Engineering Department**

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tamar Dawson	Yes		Worked on a Friday to release the RFP for the Annexation Project.
Paul Dietrich		Assisted Water Efficiency with some formatting/tabbing issues for a Board Report.	Communications proposal review.  Provided significant support on the Pre-Architectural Study RFP release and mandatory pre-proposal meeting.
Borey Swing		Provided map book updates for all staff.	
Neil Tamagni			Has provided exceptional leadership on the development of the 8000-9000 Series - Engineering Policies.

**Operations Department**

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tim Cutler	Yes		Communications proposal review.
James Ferro		Customer on Aptos Circle was very happy with the quality of work performed in front of their yard and the excellent customer service they received.	Volunteered for Friday work to replace a water service on Olive Tree Way.  Sat (3/16) – came in to transfer equipment from a disabled crew truck to a different crew truck.
Jarrett Flink			Volunteered for Friday work to replace a water service on Olive Tree Way.
Gilbert Garcia		Contractor, who accidently damaged a water service line on Wonder Street, thanked the District emergency responders for their professionalism and positive attitudes during a very stressful situation.	
Brian Hensley	Yes		
Daniel Hesse		Customer on Aptos Circle was very happy with the quality of work performed in front of their yard and the excellent customer service they received.	Volunteered for Friday work to replace a water service on Olive Tree Way.  Sat (3/16) – came in to transfer equipment from a disabled crew truck to a different crew truck.
Rick Jimenez		Contractor, who accidently damaged a water service line on Wonder Street, thanked the District emergency responders for their professionalism and positive attitudes during a very stressful situation.	

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Ricky Kelley		Customer on Aptos Circle was very happy with the quality of work performed in front of their yard and the excellent customer service they received.	
Mike Mariedth	Yes	Contractor, who accidentally damaged a water service line on Wonder Street, thanked the District emergency responders for their professionalism and positive attitudes during a very stressful situation.	
Chris Nichols		Customer on Cerromar Circle applauded Chris's assistance and aptitude in figuring out their internal plumbing issue.	Landscape upkeep at the Bonita Way Well.
Nick Spiers		Helped Water Efficiency with the Community Garden project.  Contractor, who accidentally damaged a water service line on Wonder Street, thanked the District emergency responders for their professionalism and positive attitudes during a very stressful situation.	
John Spinella	Yes	Contractor, who accidentally damaged a water service line on Wonder Street, thanked the District emergency responders for their professionalism and positive attitudes during a very stressful situation.	
Jason Tupper	Yes		

**CITRUS HEIGHTS WATER DISTRICT  
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS  
MAY 15, 2019 MEETING**

SUBJECT : LONG RANGE AGENDA  
 STATUS : Consent/Information Item  
 REPORT DATE : May 2, 2019  
 PREPARED BY : Madeline Henry, Management Services Specialist/Deputy Board Clerk

**OBJECTIVE:**

Listed below is the current Long Range Agenda.

Legend	
S	Study Session
CC	Consent Calendar
P	Presentation
B	Business
PH	Public Hearing
CL	Closed Session

CITRUS HEIGHTS WATER DISTRICT LONG RANGE AGENDA					
MEETING DATE	MEETING TYPE	ITEM DESCRIPTION	ASSIGNED	AGENDA TYPE	AGENDA ITEM
<b>June 6, 2019</b>					
June 6, 2019	Special Board Meeting	2020 Strategic Planning Session	Straus/Castruita/Henry	S	I/D
<b>June 19, 2019</b>					
June 19, 2019		Conflict of Interest	Castruita	CC	A
June 19, 2019		Award of Contract for Actuarial Services	Sohal/Preciado	CC	A
June 19, 2019		Award of Contract for IT Services	Sohal/Ott	B	A
June 19, 2019		Water Quality Public Health Goals Report	Hensley	PH	A
June 19, 2019	Finance Corporation Meeting	Confirm & Appoint Officers of the Finance Corp., Status of Finance Corp.	Sohal	B	A
<b>July 17, 2019</b>					
July 17, 2019		Award of Contract for Cologne Way Project--Construction	Pieri/Dietrich	CC	A
July 17, 2019		Approval of 2020 Strategic Plan	Sohal/Castruita/Henry	CC	A
July 17, 2019		Award of Contract for Communications and Outreach RFP	Castruita/Henry	B	A
<b>August 21, 2019</b>					
No Agenda Items					
<b>August 28, 2019</b>					
August 28, 2019	Special Board Meeting	Budget Rate Model Options Workshop	Sohal	P	I/D
<b>September 18, 2019</b>					
September 18, 2019		Refined Budget Options/Prop 218 Direction	Sohal/Straus	B	A
<b>October 16, 2019</b>					
October 16, 2019		Misc. Charges and Fees - Proposed	Sohal	B	A
<b>November 20, 2019</b>					
November 20, 2019		Cost-of-Living Adjustment to Salary Schedule, Retiree Insurance Benefits, and Directors' Compensation	Castruita	B	A
November 20, 2019		Strategic Plan Update	Henry/Castruita	CC	I/D
<b>December 2, 2019</b>					
December 2, 2019	Special Board Meeting	Operating and Capital Budgets	Straus/Sohal/Pieri/Gordon	PH	A
December 2, 2019	Special Board Meeting	Water Rates, Charges and Fees	Straus/Sohal	PH	A
December 2, 2019	Special Board Meeting	Capacity Fees	Straus/Sohal	PH	A
<b>December 18, 2019</b>					
December 18, 2019		Committee Assignments	Castruita	B	A
December 18, 2019		District Officers	Castruita	B	A
December 18, 2019		Selection of President and Vice President	Castruita	B	A
December 18, 2019		Project 2030 Update (Final)	Pieri	B	A

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

SUBJECT : ENGINEERING DEPARTMENT REPORT  
 STATUS : Information Item  
 REPORT DATE : April 30, 2019  
 PREPARED BY : Missy Pieri, Engineering Manager/District Engineer

Significant assignments and activities for the Engineering Department are summarized below. I will be available at the meeting to answer questions and/or provide additional details.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PROJECT 2030 Water Main Replacement Project</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, 10/16/19 (Final Completion Update)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	Top Two Alternatives Selected. Market Research in progress.  CAC Workshop #6 occurred on 03/19/19.  CAC Workshop #7 to be held on 06/11/19.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Request for Proposal (RFP) released 04/08/19.  Mandatory pre-proposal meeting held on 04/24/19.  RFPs due 05/23/19.
<b>CAPITAL IMPROVEMENT PROJECT Highland Ave &amp; Rosa Vista Ln 8" Water Mains</b>	Engineering	Senior Construction Inspector and Project Manager	On-going	Yes, 06/20/18 (Notice of Completion)	Yes	2018 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting.  Notice of Completion approved at 06/20/18 Board Meeting.  Easements being prepared by District.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>Wind Way and Longwood Way 8" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2018 design, 2019 construction.	Plans complete.  Construction to be completed by District Operations staff.  Construction began on April 2019.
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>Pleasantview Dr 8" Water Main</b>	Engineering	Project Manager, Assistant Engineer and Senior Construction Inspector	On-going	Yes, 04/17/19 (Award of Contract)	Yes	2018 design, 2019 construction.	Award of Contract approved on 04/17/19.  Contractor providing necessary insurance documents to the District.  Anticipate start of construction in May 2019.



Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>Michigan Dr 8" &amp; 6" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2018 design, 2019 construction.	Plans sent to Engineer on 05/02/18.  Potholing completed. Preparing 90% plans.  Right-of-Way agent to begin easement process for the project.
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>Old Auburn Rd - Daffodil to Wooddale 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2018 design, 2019 construction.	Facilities request letters sent to Utilities on 09/20/18.  Potholing complete.  District to provide 90% mark-ups to Consultant.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>CAPITAL IMPROVEMENT PROJECT Cologne Way 6" Water Main</b></p>	<p>Engineering</p>	<p>Project Manager and Assistant Engineer</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>Yes</p>	<p>2018 design, 2019 construction.</p>	<p>Facilities request letters sent to Utilities on 09/20/18.</p> <p>Survey completed on 12/24/18.</p> <p>District to provide 60% mark-ups to Consultant.</p> <p>Right-of-Way agent to begin easement process for the project.</p>
<p><b>CAPITAL IMPROVEMENT PROJECT Quiet Oak Ln 8" Water Main</b></p>	<p>Engineering</p>	<p>Project Manager, Assistant Engineer and Senior Construction Inspector</p>	<p>On-going</p>	<p>Yes, 04/17/19 (Award of Contract)</p>	<p>Yes</p>	<p>2018 design, 2019 construction.</p>	<p>Award of Contract approved on 04/17/19.</p> <p>Contractor providing necessary insurance documents to the District.</p> <p>Anticipate start of construction in May 2019.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>Patton Avenue - Watson Way to North</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2019 design, 2020 construction.	Task Order executed with Engineer.  Existing utility information obtained.  District to provide 30% mark-ups to Engineer.
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>Watson Way - Sherlock Way to Well Site</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2019 design, 2020 construction.	Task Order executed with Engineer.  Existing utility information obtained.  District to provide 30% mark-ups to Engineer.
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>6230 Sylvan Rd East Side Wall</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	No	Wall along the east side of District property.	Task Order executed with Engineer.  District to contact SJUSD regarding property.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT Dignity Health Building - 7115 Greenback Ln</b></p>	<p>Engineering</p>	<p>Engineering Manager and Senior Construction Inspector</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>No</p>	<p>Medical office building by developer.</p>	<p>Project complete.                       District received easement on 02/27/19.                       District to complete a Certificate of Acceptance for easement.</p>
<p><b>PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Dr</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>No</p>	<p>200-300 unit development by Watt Communities.</p>	<p>Received initial submittal for the Mitchell Farms Subdivision Improvement Plans on 03/18/19.                       District reviewing plans.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT Mitchell Farms Land Exchange - 7925 Arcadia Dr</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>No</p>	<p>Land Exchange of District's Well Site for development property.</p>	<p>Initial submittal for Well Site Improvement Plans received on 02/07/19.</p> <p>District provided comments on initial submittal on 02/22/19.</p> <p>Awaiting submittal from engineer.</p>
<p><b>PRIVATE DEVELOPMENT Citrus Place Subdivision</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>7 lot subdivision located near Wachtel Way &amp; Talbot Way.</p>	<p>Received updated plans from engineer on 04/30/18.</p> <p>District sent back comments on 05/22/18.</p> <p>Awaiting a resubmittal.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>12057 Fair Oaks Blvd</b>  <b>Fair Oaks Senior Apartments</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Seniors apartment complex with 42 one bedroom and 68 two bedroom units.</p>	<p>Received Project Referral and proposed site plan on 11/13/18.</p> <p>District sent Will Serve Letter on 12/04/18.</p> <p>Awaiting first submittal from engineer.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>7581 Sycamore Dr - Parcel Split 1 - 3</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Parcel being split into 3 for 3 home subdivision.</p>	<p>Plans signed on 09/19/18.</p> <p>Awaiting construction.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>8053 Holly Dr</b>  <b>Parcel Split 1 - 3</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Parcel being split into 3 for 3 home subdivision.</p>	<p>Final plans signed and fees received on 05/10/18.</p> <p>District Operations staff began construction on 09/25/18. 98% Complete.</p> <p>Awaiting final street improvements before completion can occur.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>8043 Holly Dr</b>  <b>Parcel Split 1 - 3</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Parcel being split into 3 for 3 home subdivision.</p>	<p>Received initial plans on 10/01/18.</p> <p>District provided comments to the Engineer on 01/02/19.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>8116 Holly Dr</b>  <b>Parcel Split 1 - 2</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Parcel being split into 2 with 2 existing homes and meters.</p>	<p>Received Project Referral 11/16/18.</p> <p>Conditions of Approval letter sent 11/28/18.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT</b> 7601 Sunrise Blvd The Human Bean	Engineering	Engineering Manager and Senior Construction Inspector	On-going	No	No	Commercial Development.	Construction complete.  Project complete.
<b>PRIVATE DEVELOPMENT</b> 6920 Auburn Blvd Stock Ranch Plaza - Parcel 11	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Received easements and quitclaims on 04/03/19.  District to complete a Certificate of Acceptance for easement.
<b>PRIVATE DEVELOPMENT</b> 7030 Auburn Blvd Stock Ranch - Traffic Circulation	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Final Acceptance Letter sent on 09/10/18.  Project Complete.
<b>PRIVATE DEVELOPMENT</b> 7766 Auburn Blvd Quick Slice	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent comments to City on 11/27/17.  Awaiting final plans from developer for District review.



Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>8501 Auburn Blvd</b>  <b>Big Lots</b></p>	<p>Engineering</p>	<p>Senior Construction Inspector and Engineering Manager</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Plans signed on 08/23/18.</p> <p>Awaiting easements and the signed Common Area Maintenance Agreement from developer.</p> <p>100% complete except for punchlist items.</p> <p>City to provide Temporary Certificate of Occupancy week of 04/01/19.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>8501 Auburn Blvd</b>  <b>Parcel Split</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Potential parcel split from one parcel to four parcels.</p>	<p>Sent conditions of approval letter on 09/06/18.</p> <p>Waiting for the developer to prepare easements.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>8501 Auburn Blvd</b>  <b>Studio Movie Grill</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Received second submittal from engineer on 03/25/19.</p> <p>Sent comments to engineer on 04/16/19.</p> <p>Awaiting next submittal and easements from developer.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>7424 Sunrise Blvd</b>  <b>Sunrise Pointe</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Proposed multi-unit housing complex for low-income and homeless.</p>	<p>Received project referral and initial plans on 10/11/18.</p> <p>Will-Serve letter sent 11/21/18.</p> <p>Awaiting first plan submittal from engineer.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>7312 Veterans Ln</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Single Family Home on a private street.</p>	<p>Sent review comments on 08/03/18.</p> <p>Engineering sent cost estimate of improvements to owner on 10/30/18.</p> <p>Awaiting payment from customer.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>Livoti Development</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Six Parcel Subdivision.</p>	<p>Received initial plans on 12/17/18.</p> <p>District provided comments to the engineer on 03/12/19.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>COMCAST</b>	Engineering	Assistant Engineer and GIS Specialist	On-going	No	No	Various communications boring projects throughout the service area.	District has provided water utility maps for all requested projects.  Awaiting resubmittal from Comcast engineer.  Awaiting as-builts on all completed projects.
<b>CITY OF CITRUS HEIGHTS DRAINAGE PROJECT Highland Ave</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	Yes	Highland Ave Drainage Project.	Field preconstruction meeting occurred on 03/28/19.  Storm Drain improvements in progress by City contractor.  District in process of relocating water facilities.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>CITY OF CITRUS HEIGHTS DRAINAGE PROJECT</b>  <b>Wonder St</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>Yes</p>	<p>Wonder St Drainage Project.</p>	<p>Anticipate bid and start of construction in 2019. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts and possible easement.</p>
<p><b>CITY OF CITRUS HEIGHTS PROJECT</b>  <b>Bonita, Old Auburn Rd, &amp; Mariposa Ave Storm Drain Improvements</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Bonita Way, Old Auburn Rd, &amp; Mariposa Ave Storm Drain Project.</p>	<p>Received 30% plans at the meeting with Dokken Engineering on 05/21/18.</p> <p>District sent engineer data on 08/03/18.</p> <p>Mariposa Ave Project - District to meet with the City to discuss project revisions.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase III</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>Yes</p>	<p>Frontage improvements along west side of Mariposa Ave from Northridge to Eastgate.</p>	<p>Received signed Utility Agreement.</p> <p>District verified previous plan changes were incorporated on 02/13/19.</p> <p>District waiting to sign plans. Pre-Construction meeting held on 04/16/19.</p> <p>District to schedule water facility relocation work.</p>
<p><b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase IV</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>Yes</p>	<p>Frontage improvements along east side of Mariposa Ave from Madison Ave to Skycrest School.</p>	<p>Attended kick-off meeting with the City on 01/14/19.</p> <p>District provided comments to Engineer on 05/02/19.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CALIFORNIA DEPT OF TRANSPORTATION Weigh Station at I-80 &amp; Antelope Rd</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Weigh station and off-ramp improvements.	Sent water facility maps and as-builts to engineer on 11/20/17.  Awaiting plans from CalTrans for District review.
<b>Annexations</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, 07/17/19 (Anticipated Award of Contract)	Yes	Annex properties into the District to clarify and revise District boundaries.	Request for Proposal (RFP) released 04/18/19.  Mandatory pre-proposal meeting scheduled for 05/01/19.  RFPs due 05/22/19.
<b>Easements</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Research and review District facility locations and easements for potential additions/revisions.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services.

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

SUBJECT : OPERATIONS DEPARTMENT REPORT  
 STATUS : Information Item  
 REPORT DATE : May 1, 2019  
 PREPARED BY : David M. Gordon, Operations Manager  
 Tim Cutler, Water Distribution Supervisor

Facilities Maintenance			CIP Projects		
	Completed WO's			Completed WO's	
	April	Year to Date		April	Year to Date
Backflow Maintenance	0	0	C18-010 Water Mainline	0	0
Blow Off Maintenance	0	0	C18-011 Water Valves	1	5
Hydrant Maintenance	0	87	C18-012 Water Services	21	80
Leak Investigation	0	0	C18-013 Water Meters	4	18
Mainline Repair/Maintenance	0	3	C18-014 Fire Hydrants	1	9
Meter Box Maintenance	9	15	<b>TOTAL</b>	<b>27</b>	<b>112</b>
Meter Register Replacement	23	51	<b>Water Quality</b>		
Meter Repair/Test/Maintenance	0	0	<i>Water Analysis Report: Bacteriological testing has met all California Department of Public Health requirements. 90 samples were collected with no positive results.</i>		
Pot Hole Work	0	0			
Water Service Repair/Locate	1	7			
Valve, Mainline Maintenance	49	269			
Valve Box Maintenance	0	0			
<b>TOTAL</b>	<b>82</b>	<b>432</b>			



**CITRUS HEIGHTS WATER DISTRICT**  
**DISTRICT STAFF REPORT TO BOARD OF DIRECTORS**  
**MAY 15, 2019 MEETING**

SUBJECT : 2019 WATER SUPPLY - PURCHASED & PRODUCED  
 STATUS : Information Item  
 REPORT DATE : May 2, 2019  
 PREPARED BY : Brian M. Hensley, Water Resources Supervisor  
 David M. Gordon, Operations Manager

**OBJECTIVE:**

Report on annual water supply including comparison with prior years.

Month	2013	2014	2015	2016	2017	2018	2019				Year-to-Date Comparison to 2013	
	Total Water Monthly acre feet						Surface Water Purchased	Ground Water Produced	Total Water Monthly	Total Water Annual	acre feet	
Jan	602.52	602.39	570.05	539.60	506.81	531.38	466.43	54.43	520.86	520.86	-81.66	-13.6
Feb	606.36	450.96	511.52	484.53	443.99	525.73	418.47	29.01	447.48	968.34	-240.54	-19.9
Mar	819.55	612.20	725.95	517.56	546.60	540.78	496.33	20.54	516.87	1,485.21	-543.22	-26.8
Apr	1,029.73	737.30	761.02	677.81	575.52	646.09	651.54	31.36	682.90	2,168.11	-890.05	-29.1
May	1,603.43	1,190.07	869.08	979.49	1,138.72	1,072.27						
Jun	1,816.73	1,548.66	1,065.10	1,343.76	1,412.94	1,387.03						
Jul	2,059.21	1,622.10	1,184.95	1,544.57	1,650.76	1,737.13						
Aug	1,924.28	1,477.49	1,188.18	1,579.80	1,570.80	1,583.78						
Sep	1,509.82	1,275.11	1,069.78	1,257.91	1,441.76	1,330.19						
Oct	1,297.42	1,030.74	918.67	840.80	1,128.97	1,061.88						
Nov	911.55	682.48	589.6	561.82	631.55	807.7						
Dec	700.94	563.15	519.57	518.62	574.43	558.97						
<b>Total</b>	14881.54	11,792.65	9,973.47	10,846.27	11,622.85	11,782.93	2,032.77	135.34	2,168.11	2,168.11		
of Total							93.76	6.24				

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

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SUBJECT : WATER SUPPLY RELIABILITY  
STATUS : Information Item  
REPORT DATE : May 1, 2019  
PREPARED BY : David M. Gordon, Operations Manager  
                  Brian Hensley, Water Resources Supervisor

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**OBJECTIVE:**

Receive status report on surface water supplies available to the Citrus Heights Water District (District).

**BACKGROUND AND ANALYSIS:**

As of May 1, 2019, storage in Folsom Lake (Lake) was at 886,900 acre-feet, 91 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 145,900 acre-feet in the past month.

The District's total water use during the month of April 2019 (682.90 acre-feet) was 33.7 percent below that of April 2013 (1,029.73 acre-feet).

The District continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. The District's groundwater production wells: Bonita, Skycrest, Mitchell Farms and Sylvan, are operational and used on a rotational or as-needed basis. Other District groundwater production wells, Palm and Sunrise, are at various stages of repairs.

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# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

SUBJECT : WATER EFFICIENCY & SAFETY PROGRAM UPDATE  
 STATUS : Information Item  
 REPORT DATE : May 1, 2019  
 PREPARED BY : Rex W. Meurer, Water Efficiency Supervisor

Water Efficiency, Safety and Meter Program updates are summarized below.

### **ACTIVITIES AND PROGRESS REPORT**

Water Efficiency, Safety and Meter Program activities during the month of April 2019 include:

- 12 High Efficiency Toilet (HET) rebates were processed for the month of April 2019. This compares to 11 HET rebates processed for the month of April 2018. The 5 year monthly average (2014-2018) of April HET rebates is 17. A total of \$3,200.00 in HET rebates have been issued year-to-date.
- A total of 7 High Efficiency Clothes Washer (HECW) rebates were issued during the first quarter of 2019. This compares to 11 HECW rebates issued for the first quarter of 2018. A total of 7 HECW rebates were issued year to date.
- 39 service calls were received during the month of April. There were no reports of water waste received through CHWD's Water Efficiency web page.
- Five WaterSmart classes are planned for 2019. The first class, titled "Getting Your Garden Growing This Spring" was held on Saturday, April 6, 2019. 33 people attended the class. The next two classes are scheduled for, Saturday, May 11, 2019 and Saturday, June 22, 2019. The title of the May 11 WaterSmart class is "Irrigation For WaterSmart Yards". Topics for future classes will include: what your landscape likes during the summer sizzle, ways to properly feed and care for your summer garden, and hands-on trouble shooting of common irrigation problems. The first three classes are being held at the Citrus Heights Community Center.
- CHWD has secured three garden plots at the Sylvan Ranch Community Garden. The plots will feature water efficient landscaping. The project will be completed in two phases. Phase I will include a gardening area at the corner of Sylvan Rd. and Stock Ranch Rd. Phase II will be an education area for activities, such as workshops and presentations. Funding for the rental, development and maintenance of the garden plots is included in the 2019 budget.
- In July 2018, staff conducted a meter testing program for all meters 3 inches and larger. The testing is part of the Water Loss Program requirement contained in SB555. The meters were tested for accuracy during high, medium and low flow conditions. A total of 67 meters were identified for testing. A total of fifty-two 3 inch and larger meters were tested. The remaining 15 untested meters are being assessed for needed improvements to allow for future testing. Of the meters tested, 31 are within California standards (reference AWWA M6 Meter Manual), and 6 were very close to standards. 13 of the 15 meters that tested below AWWA standards have been repaired or replaced.

The remaining two meters are scheduled for repair on Tuesday, May 7. Follow-up testing of the repaired meters will be conducted May 20-23. Follow-up testing for repaired meters is required according to AWWA’s M6 Meter Manual.

- Staff is currently updating the District’s Emergency Operations Plan (EOP). The last update to the EOP was in July 2011. The EOP establishes procedures and provides information necessary to ensure that members of CHWD’s staff are knowledgeable about what to do in the event of an emergency. The District is using a Consultant to assist with the EOP update. Staff is scheduled to meet with the Consultant on Wednesday, May 15 to review recommended updates and revisions to the EOP.
- The third group safety presentation, in a series of eleven group safety presentations, was presented on Thursday, April 11. The topic was “Fire Extinguisher Safety”. The presenters included Brian Hensley, Water Resources Supervisor; Tamar Dawson, Assistant Engineer; and Brittney Moore, Customer Service Technician II. The fourth presentation will be given on May 16, and the topic will be “Dangerous Insects”. The presenters will be, Mike Mariedth, Water Distribution Lead Worker; Ryon Ridner, Water Distribution Worker; and Madeline Henry, Management Services Specialist.
- On Thursday April 11, the District completed recharging all of the fire extinguishers located at the District facilities. The fire extinguisher recharge is done on an annual basis in order to keep the equipment up to proper working standards.
- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for CHWD to date:

<b>Month</b>	<b>R-GPCD 2018</b>	<b>R-GPCD 2019</b>	<b>% CHANGE</b>
January	77	76	-.01%
February	85	72	-.15%
March	79	75	-.05%
April	100	103	+.03%

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

SUBJECT : 2019 STRATEGIC PLAN UPDATE  
 STATUS : Information Item  
 REPORT DATE : May 1, 2019  
 PREPARED BY : Madeline Henry, Management Services Specialist/Deputy Board Clerk

The 2019 Strategic Plan update is summarized below. Staff will be available at the meeting to answer questions and/or provide additional details.

### CITRUS HEIGHTS WATER DISTRICT ✨ 2019 STRATEGIC OBJECTIVES

**THREE-YEAR GOAL: COMPLETE THE PROJECT 2030 WATER MAIN REPLACEMENT STUDY TO ENSURE A RELIABLE WATER DISTRIBUTION SYSTEM**

<i>Objectives to be Completed in the 2019 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q3 2018	Q2 2019	Complete the Water Main Assessment and Transmission Main Evaluation	<b>Missy Pieri</b> (Lead) Hilary Straus; Paul Dietrich; David Gordon; Brian Hensley; Tim Cutler	Preliminary Assessment and Evaluation complete.
2	Q3 2018	Q1 2019	Complete creek crossing inspection and develop a program for future assessments	<b>Missy Pieri</b> (Lead) Hilary Straus; Paul Dietrich; David Gordon; Brian Hensley; Tim Cutler	Inventoried all creek crossings. Program for future assessment being developed.
3	Q1 2019	Q2 2019	Perform funding analysis and prepare up to 5 options for the phasing of water main replacements	<b>Missy Pieri</b> (Lead) Hilary Straus; Susan Sohal; Paul Dietrich; David Gordon	21 Alternatives presented; Top 5 Alternatives selected at 02/26/19 CAC Meeting; Top 2 Alternatives selected at 03/19/19 CAC meeting; Top 2 Alternatives being Market Surveyed. Survey Results to be presented at 06/11/19 CAC meeting.

**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: COMPLETE THE PROJECT 2030 WATER MAIN REPLACEMENT STUDY TO ENSURE A RELIABLE WATER DISTRIBUTION SYSTEM**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
4	Q3 2019	Q4 2019	Develop implementation plan for preferred alternative	<b>Missy Pieri</b> (Lead) Hilary Straus; Paul Dietrich; David Gordon; Brian Hensley; Susan Sohal	
5	Q1 2019	Q4 2019	Complete four steps of the Public Engagement Strategy: <ul style="list-style-type: none"> <li>• Develop top two proposals with the CAC</li> <li>• Conduct market research</li> <li>• Review results and revise approach as needed</li> <li>• Take publicly-supported plan to the Board for approval</li> </ul>	<b>Missy Pieri</b> Chris Castruita(Lead); Hilary Straus; Paul Dietrich; David Gordon	Top 2 Alternatives being Market Surveyed. Survey Results to be presented at 06/11/19 CAC meeting.

**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL:     MANAGE WATER EFFICIENCY EFFECTIVELY AND EMPOWER CUSTOMERS TO USE WATER IN AN EFFICIENT MANNER**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2019	Q4 2019	Meter Replacement Study 10% complete	<b>David Gordon</b> Rex Meurer (Lead); Hilary Straus; Susan Sohal; Josh Nelson; Brian Hensley; Jeff Ott	11 Participating Agencies are determining their Level of Participation. Once confirmed, CHWD will finalize the Agreements for all Agencies to approve. Once approved, the Project will begin.
2	Q1 2019	Q4 2019	Increase attendance by 10% at CHWD Water Smart Classes (e.g., through increased promotion at Fair Oaks Harvest Festival and other vehicles)	<b>Hilary Straus</b> Rex Meurer (Lead); Chris Castruita	33 attendees for 1st class. We are on target to meet our attendance target for the year.
3	Q1 2019	Q4 2019	Increase sign-ups for Water Efficiency Reviews by 10%	<b>Hilary Straus</b> Rex Meurer (Lead); Chris Castruita	Nine Water Efficiency Reviews have been completed year to date. This leaves us below our target number year to date. Staff is beginning a new telephone outreach campaign beginning in May 2019.

**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: MANAGE AND DIVERSIFY A DEPENDABLE WATER SUPPLY**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2019	Q4 2019	Enter into a sale agreement for Well Site #8	<b>David Gordon</b> (Lead) Missy Pieri; Susan; Josh Nelson; Brian Hensley; Hilary Straus	Completed.
2	Q1 2019	Q4 2019	Identify potential Well Sites #9 and #10	<b>David Gordon</b> (Lead) Josh Nelson; Brian Hensley; Hilary Straus; Missy Pieri; Susan Sohal	Ongoing analysis.
3	Q1 2019	Q2 2019	Conduct a retroactive quantitative and qualitative evaluation of our groundwater transfer work with San Juan Water District and other agencies	<b>David Gordon</b> (Lead) Susan Sohal; Steve Anderson; Hilary Straus; Brian Hensley; Alberto Preciado	Completed.



**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: MANAGE THE EFFICIENT IMPROVEMENT OF AND REINVESTMENT IN DISTRICT INFRASTRUCTURE AND FACILITIES**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2019	Q4 2019	Complete space needs alternatives analysis	<b>Missy Pieri</b> (Lead) Paul Dietrich; Hilary Straus; David Gordon; Susan Sohal	Consultant preparing Staffing Plan. Pre-Architectural Study Request for Proposals (RFP) released on 04/08/19. RFPs due on 05/16/19.
2	Q1 2019	Q4 2019	Dispose of two surplus well sites	<b>David Gordon</b> (Lead) Josh Nelson; Hilary Straus; Missy Pieri; Susan Sohal; Chris Castruita; Alberto Preciado	District staff has developed a Property Disposition Decision Matrix in order to capture the District's actions for the disposition of the surplus well site properties.
3	Q3 2019	Q4 2019	Develop an administrative procedure defining CEQA review of District CIP projects	<b>Missy Pieri</b> (Lead) Paul Dietrich; Josh Nelson; David Gordon; Brian Hensley	
4	Q1 2019	Q4 2019	Select a consultant for the Easement Review Project, complete Phase 1 Inventory of all current easements, and document all needed easements	<b>Missy Pieri</b> (Lead) Josh Nelson; Paul Dietrich; David Gordon; Brian Hensley; Chris Castruita	Expected to begin after Item #5.
5	Q1 2019	Q4 2019	Complete a work plan and select a consultant for the annexation of the island parcels and boundary revisions	<b>Missy Pieri</b> (Lead) Josh Nelson; Paul Dietrich; David Gordon; Brian Hensley; Chris Castruita	District-wide Annexation Request for Proposals (RFP) released on 04/19/19. RFPs due on 05/22/19.

**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: PROMOTE ORGANIZATIONAL EFFECTIVENESS TO ENHANCE CUSTOMER SERVICE**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q3 2019	Q4 2019	Issue an RFP for an enterprise-wide Document Management System	<b>Susan Sohal</b> Chris Castruita (Lead); Jeff Ott; Missy Pieri	RFP to Board at June 2019 meeting. RFP will be issued 06/28/19. Anticipate starting implementation Q4 2019.
2	Q1 2019	Q4 2019	Complete the rebuild of the Financial Model for the 2020 Budget	<b>Susan Sohal</b> (Lead) Alberto Preciado; Missy Pieri; David Gordon; Hilary Straus	Financial Model 85% complete. Staff is working with Raftelis on the Rate analysis as the final part to the completion of the Model.
3	Q1 2019	Q2 2019	Hire a SMSS/MSS (1 FTE)	<b>Susan Sohal</b> Chris Castruita (Lead); Hilary Straus; Rex Meurer; Missy Pieri; David Gordon	The position closed on 01/14/19. Anticipated start in mid-May 2019.
4	Q1 2019	Q4 2019	Complete Website redesign	<b>Susan Sohal</b> Chris Castruita (Lead); Jeff Ott; Missy Pieri; David Gordon; Rex Meurer; Alberto Preciado	Staff issued an RFP for Communications with the goal of seeking contract approval from the Board by July 2019. Following contract approval, staff will work with the contractor to begin the website redesign project.

**ATTACHMENT A**

**PARKING LOT -- POTENTIAL PROJECTS THAT COULD BE  
BROUGHT FORWARD INTO 2019 IF TIME AND RESOURCES ALLOW**  
*(not in priority order)*

1. Design Well #7 and pending ASR study
2. District Policy Review, 2000's , 3000's, 6000's, 8000's, and 9000's
3. Develop strategy for amending the Intertie Agreements
4. Select the vendor(s) and system(s) for the Enterprise-wide Document Management System
5. Hire a design consultant to initiate PS&E for the Corp Yard/Facilities Master Plan, including ADA compliance
6. Develop a NIMS/SEMS-compliant Emergency Operations Plan and one Annex
7. Develop a Professional Development Work Plan
8. Complete 40 percent of planning for the District's Centennial Celebration in 2020

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE A RESOLUTION  
ADOPTING INTERNATIONAL CITY/COUNTY MANAGEMENT  
ASSOCIATION- RETIREMENT CORPORATION SECTION 457 DEFERRED  
COMPENSATION PLAN

STATUS : Action Item

REPORT DATE : May 2, 2019

PREPARED BY : Madeline Henry, Management Services Specialist  
Christopher Castruita, Management Services Supervisor  
Susan Sohal, Administrative Services Manager

### **OBJECTIVE:**

- 1) Consider approval of Resolution 06-2019, authorizing the General Manager to execute an Administrative Services Agreement, Affirmative Statement, and all required documents to complete implementation of International City/County Management Association- Retirement Corporation Section 457 Deferred Compensation Plan.
- 2) Consider amending Policy 4411: Deferred Compensation.

### **BACKGROUND AND ANALYSIS:**

This item is a follow-up to the presentation at the March 20, 2019 Board Meeting. At that time, the Board provided consensus direction for staff to prepare updates to the Deferred Compensation Plan for potential action at the April 17, 2019 Board Meeting.

#### *Deferred Compensation Program Overview*

District Policy 4411: Deferred Compensation (see Attachment 1), adopted on June 3, 1992, establishes eligibility for all employees to participate in the District's deferred compensation plan(s). In 2005, the District adopted an Eligible Governmental Employer Section 457(b) Deferred Compensation Plan. This plan establishes the District as an eligible governmental employer and sets guidelines for current and future District deferred compensation programs. The plan was amended and reinstated first in December 2011 to comply with new federal tax legislation, and again in March 2014 to allow participating employees to take loans from the Plan.

The District currently provides the deferred compensation plan to its employees through two providers: Variable Annuity Life Insurance Company (VALIC); and Voya (previously ING). There is currently one employee contributing to Voya, with a total of two employees who have accounts, and 13 employees contributing to VALIC, with a total of 19 employees who have accounts.

As part of a comprehensive benefits review, District staff have reviewed the District's current deferred compensation plan options and researched additional program providers. Staff recommends the addition of International City/County Management Association- Retirement Corporation (ICMA-RC) as a Section 457 Deferred Compensation Program to provide employees with additional services and maintain the District's status as an employer of choice. In addition, staff recommends the Board amend Policy 4411 to clean up the policy, removing mention of an outdated position title.

Purpose of Proposed Changes

The District has committed to provide employee compensation and benefits that are competitive, affordable and retain and attract high quality professionals to provide services to our customers. To maintain our status as an employer of choice, staff has explored options to expand and update benefits that will appeal to members of the workforce.

At the March 20, 2019 Board Meeting, Retirement Plans Specialist Mark Tomasini and Certified Financial Planner James Collins provided a presentation on the details of the ICMA-RC Section 457 Deferred Compensation Program.

ICMA-RC has an exclusive focus on the public sector, offers easy online access for employees, and provides retirement and financial planning guidance and technology tools to employees. ICMA-RC is used by over 9,400 public agencies and provides an easy transition for future employees who are hired from within the public sector while also offering additional services to existing staff members.

Resolution 06-2019

Resolution 06-2019 (see Attachment 2) would do three things.

1. It would ratify the 2014 plan amendment and restate that participating employees are allowed to take loans from the Plan regardless of their Plan provider. Currently, only VALIC authorizes loans through the Plan.
2. It would authorize the General Manager to execute all required documents to complete implementation of ICMA-RC as a deferred compensation provider under the District's current Eligible Governmental Employer Section 457(b) Deferred Compensation Plan.
3. It would restrict employees' ability to invest with VALIC and VOYA based on how their assets were invested as of April 30, 2019.

Resolution 06-2019 does not change the deferred compensation benefit offered to District employees, it provides them with more options when utilizing the benefit. As with the District's current providers, the ICMA-RC program would be voluntary and funded entirely by employee contributions. There is no financial impact to the District.

Current employees may elect to keep their current provider, VALIC or Voya, or move their contributions to the ICMA-RC program. Employees will be able to continue contributing to their existing accounts, so as to minimize disruption and the potential for dissatisfaction of current employees who may wish to maintain their current contributions given their proximity to retirement.

ICMA-RC Section 457 Deferred Compensation Program is proposed be the only deferred compensation plan provider available to new employees hired after May 1, 2019. If a current employee withdraws from the Voya or VALIC programs and wishes to establish a new deferred compensation account after May 1, 2019, they would be required to enroll in the ICMA-RC program.

These changes will streamline the District's deferred compensation providers, eventually transitioning all employees to the ICMA-RC program as current employees retire, leave the District, or withdraw their funds from current VALIC and Voya programs.

Update to District Policy 4411: Deferred Compensation

District Policy 4411: Deferred Compensation was adopted on June 3, 1992, and amended on November 19, 2014. Proposed amendments (Attachment 1) would clean up the policy removing mention of an outdated position title. Staff recommends amending the policy to designate the General Manager as the staff contact.

This amendment will avoid future iterations of the policy any time the position title, or staffing level changes.

Next Steps

If Resolution 06-2019 is approved, the General Manager would be authorized to execute an Administrative Services Agreement with ICMA-RC (Attachment 2, Exhibit A) and Affirmative Statement for Adopting a Section 457 Deferred Compensation Plan (Attachment 2, Exhibit B) and proceed to employee enrollment in the ICMA-RC Section 457 Deferred Compensation Program.

**RECOMMENDATIONS:**

- 1) Approve Resolution 06-2019, authorizing the General Manager to execute an Administrative Services Agreement, Affirmative Statement, and all required documents to complete implementation of ICMA-RC.
- 2) Amended Policy 4411: Deferred Compensation.

**ATTACHMENTS:**

- 1) Proposed Red-lined Policy 4411: Deferred Compensation
- 2) Resolution 06-2019, adding an Investment provider for the Eligible Governmental Employer 457(B) Deferred Compensation Plan of Citrus Heights Water District
  - a) 2014 Adoption Agreement
  - b) Administrative Services Agreement between International City/County Management Association- Retirement Corporation and Citrus Heights Water District.
  - c) Affirmative Statement for Adopting a Section 457 Deferred Compensation Plan

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

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## Attachment 1

### Proposed Red-lined Policy 4411: Deferred Compensation

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : DEFERRED COMPENSATION  
POLICY NUMBER : 4411  
DATE ADOPTED : JUNE 3, 1992  
DATE AMENDED : ~~NOVEMBER 19, 2014~~MARCH 19, 2019  
AMENDMENTS : (1) JUNE 10, 2008; ~~(2) November 19, 2014~~

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4411.00                    DEFERRED COMPENSATION

All District employees are eligible for membership in the District's deferred compensation plan(s). Payroll deductions are available upon request.

Contact the ~~Human Resources Specialist~~General Manager for information on joining the plan(s).

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Attachment 2

Resolution 06-2019, adding an Investment Provider for  
the Eligible Governmental Employer 457(B) Deferred  
Compensation Plan of Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT  
RESOLUTION NO. 06-2019

A RESOLUTION ADDING AN INVESTMENT PROVIDER  
FOR THE ELIGIBLE GOVERNMENTAL EMPLOYER 457(B)  
DEFERRED COMPENSATION PLAN OF CITRUS HEIGHTS  
WATER DISTRICT AND RATIFYING THE ADOPTION  
AGREEMENT EXECUTED IN 2014

WHEREAS, Citrus Heights Water District (“District”) adopted the Eligible Governmental Employer 457(b) Deferred Compensation Plan for the Citrus Heights Water District (“Plan”) on March 28, 2005; and

WHEREAS, on December 13, 2011 the District’s then General Manager, Robert A. Churchill, executed an Adoption Agreement amending and restating the Plan effective as of December 13, 2011, and

WHEREAS, the 2011 Adoption Agreement provided that the Plan did not allow loans; and

WHEREAS, on March 17, 2014, the District’s then Assistant General Manager, Dave B. Kane, executed an Adoption Agreement (“2014 Adoption Agreement”) amending and restating the Plan effective as of December 13, 2011, and

WHEREAS, the 2014 Adoption Agreement provided that the Plan did allow for loans; and

WHEREAS, employees participating in the Plan can currently invest compensation deferred under the Plan with either VALIC or VOYA; and

WHEREAS, VOYA has not been allowing participating employees to take loans from the Plan; and

WHEREAS, VALIC has been allowing participating employees to take loans from the Plan;

WHEREAS, the District desires to contract with the International City Management Association Retirement Corporation (“ICMA-RC”), a nonprofit corporation organized and existing under the laws of the State of Delaware, to provide investment options for compensation deferred under the Plan and for various administrative services; and

WHEREAS, in order to retain ICMA-RC’s services and investments, the District will need to enter into an Administrative Services Agreement with ICMA-RC and a related Affirmative Statement; and

WHEREAS, the District desires to permit employees hired prior to May 1, 2019 who

have invested compensation deferred under the Plan with VALIC or VOYA, respectively, to continue to have the ability to invest with the same provider in addition to having the ICMA-RC platform available; and

WHEREAS, the District desires to close the VALIC and VOYA investment platforms for all District employees that have not invested compensation deferred under the Plan in those platforms prior to May 1, 2019; and

WHEREAS, on or after May 1, 2019, all compensation deferred under the Plan shall only be invested in options made available through the ICMA-RC platform unless the employee had contributions deferred under the Plan invested with VALIC or VOYA, respectively, prior to May 1, 2019.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITRUS HEIGHTS WATER DISTRICT AS FOLLOWS:

1. The Board of Directors (“Board”) hereby ratifies the execution of the 2014 Adoption Agreement attached hereto as Exhibit A, and incorporated herein, which was executed in order to conform the Plan’s operations with its terms, and hereby clarifies that all investment providers shall make loans available to participating employees in accordance with Article IX of the Plan;
2. The Board hereby adopts and approves the addition of ICMA-RC as a provider for the investment of compensation deferred under the Plan;
3. The Board hereby adopts and approves the Administrative Services Agreement Between ICMA Retirement Corporation and Citrus Heights Water District (“Administrative Services Agreement”) attached hereto as Exhibit B, and incorporated herein, and directs the General Manager to execute the Administrative Services Agreement on behalf of the District.
4. The Board hereby adopts and approves the Affirmative Statement for Adopting a Section 457 Deferred Compensation Plan (“Affirmative Statement”) attached hereto as Exhibit C, and incorporated herein, and authorizes the General Manager to execute the Affirmative Statement.
5. The Board hereby determines that employees hired prior to May 1, 2019 that have invested compensation deferred under the Plan with VALIC or VOYA, respectively, shall continue to have the ability to invest with the same provider in addition to having the ICMA-RC platform available.
6. The Board hereby directs the General Manager, or his designee, to take the necessary actions to close the VALIC and VOYA investment platforms for all District employees that have not invested compensation deferred under the Plan in those platforms prior to May 1, 2019.
7. The Board hereby determines that on or after May 1, 2019, all compensation deferred under the Plan shall only be invested in options made available through the ICMA-RC

platform unless an employee had contributions deferred under the Plan invested with VALIC or VOYA, respectively, prior to May 1, 2019.

8. The Board hereby authorizes the General Manager, or his designee, to execute any documents, revise any policies, or take any other action necessary to document and implement the foregoing, and to ensure that the Plan complies with all applicable federal and state laws.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 15<sup>th</sup> day of May, 2019, by the following vote, to-wit:

AYES: Directors:  
NOES: Directors:  
ABSTAIN: Directors:  
ABSENT: Directors:

\_\_\_\_\_  
RAYMOND A. RIEHLE, Vice President  
Citrus Heights Water District

Board of Directors  
Citrus Heights Water District

ATTEST:

\_\_\_\_\_  
CHRISTOPHER CASTRUITA, Chief Board Clerk  
Citrus Heights Water District

Exhibit A  
2014 Adoption Agreement

**ADOPTION AGREEMENT**  
**SECTION 457(b) DEFERRED COMPENSATION PLAN**  
**(Governmental)**

The undersigned employer hereby adopts or restates, as applicable, this Plan. This Plan shall comprise both (1) this Adoption Agreement and (2) the Basic Plan Document. Article and section references in this Adoption Agreement refer to articles and sections of the Basic Plan Document unless otherwise indicated.

Employer Name: Citrus Heights Water District  
 Employer Address: 6230 Sylvan Road  
Citrus Heights, CA 95610

Plan Name: Eligible Governmental Employer 457(b) Deferred Compensation Plan for the Citrus Heights Water District

1. **Plan Effective Date.** ("Effective Date.") (Check one.)
  - This Plan is being established by the Employer as a new Plan, effective \_\_\_\_\_.
  - This Plan amends and restates the Plan previously established by the Employer and is effective December 13, 2011. The Plan was originally established by the Employer effective March 28, 2005.
  
2. **Eligible Employees.** (Check one.)
  - All Employees shall be eligible to participate.
  - The Employer, in its sole discretion, shall determine each Plan Year which Employees shall be eligible to participate in the Plan.
  - All Employees shall be eligible to participate except the following Employees (specify which Employees shall not be allowed to participate in the Plan):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
  
3. **Roth Contributions.** (Check one.)
  - Designated Roth Contributions are not permitted, and Section 4.10 shall not apply to this Plan.
  - Participants may make Designated Roth Contributions (as described in Section 4.10) in lieu of or in addition to pre-tax Elective Deferral Contributions, effective December 13, 2011 (insert date not earlier than the later of January 1, 2011 or the date of the Employer's resolution adopting Designated Roth Contributions).
  
4. **Employer Contributions.** (Check one.) Note: Employer Contributions are combined with Elective Deferral Contributions and Designated Roth Contributions in applying the contribution limits described in Section 2.18.
  - There shall be no Employer Contributions under this Plan.
  - Discretionary Employer Contribution. The Employer may, in its absolute discretion, make an Employer Contribution to the Plan, and may determine, in its absolute discretion, how any such Employer Contribution shall be allocated among Plan Participants. This Discretionary Employer Contribution may be a matching or non-matching contribution.
  - FICA Opt-out Contribution. As described in Section 4.11, the Employer shall make FICA Opt-out Contributions (contributions other than Elective Deferral Contributions or Designated Roth Contributions) on behalf of the following Employees in lieu of paying/withholding FICA taxes for such Employees and in the amounts indicated below (check applicable box and fill in blanks for required contribution percentages):
    - All Employees
    - Part-time, seasonal and temporary Employees only

Other (indicate which Employees shall be eligible for the FICA Opt-out Contributions):

\_\_\_\_\_

The required FICA Opt-out Contribution shall consist of the following types of contributions (which must total 7.5% or more of the Participant's Compensation):

Employer Contribution = \_\_\_\_\_% of Compensation

Mandatory Employee Contribution = \_\_\_\_\_% of Compensation

Other: \_\_\_\_\_

5. Loans. (Check one.)

Yes, loans are allowed and Article IX shall apply to this Plan.

No, loans are not allowed and Article IX shall not apply to this Plan.

6. Unforeseeable Emergency Withdrawals. (Check one.)

Yes. Withdrawals under Section 6.08 shall be available under this Plan. (Check one.)

Withdrawals on account of an illness, accident or need to pay for the funeral expenses of the Participant's primary Beneficiary shall be available effective the later of (a) August 17, 2006, (b) the original effective date of the Plan or, if applicable, (c) \_\_\_\_\_, \_\_\_\_\_ (insert date that this option was first available, if such date was later than August 17, 2006).

Withdrawals on account of an illness, accident or need to pay for funeral expenses of the Participant's primary Beneficiary shall not be available.

No. Withdrawals under Section 6.08 shall not be available under this Plan.

7. Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of his account balance as described in Section 6.10. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed the dollar amount under Code Section 411(a)(11)(A) (currently \$5,000).

No. Section 6.10 shall not apply to this Plan.

8. Distribution without Participant's Consent. Small accounts of certain inactive Participants may be distributed without the Participant's consent as described in Section 6.11. (Check one.)

Yes, if the total amount payable to a Participant under the Plan does not exceed \$1,000. Such amount will be paid in cash to the Participant.

No. Section 6.11 shall not apply to this Plan.

9. Distributions to Individuals in Uniformed Services. (Check one.)

The Plan does not permit distributions to individuals who are deemed to have a Severance from Employment solely on account of their performing services in the uniformed services and Section 6.13 shall not apply to this Plan.

Participants who are deemed to have a Severance from Employment on account of their performing services in the uniformed services for a period of 30 days or more may elect to receive a distribution of all or a portion of their Account (subject to the post-distribution restrictions described in Section 6.13).

10. In-plan Roth Conversions. (Check one.) (Note: Employer cannot allow in-plan Roth conversions unless it also elects to allow Designated Roth Contributions under Section 3, above, of this Adoption Agreement.)

In-plan Roth conversions are not permitted, and Section 6.12 shall not apply to this Plan.


Participants may convert certain pre-tax amounts to Roth contributions in an "in-plan" rollover/conversion described in Section 6.12, but only if such amounts are currently distributable under the terms of the Plan, effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than the later of January 1, 2011 or the date of the Employer's resolution adopting in-plan Roth conversions).

11. Deductions from Distributions to Eligible Retired Public Safety Officers. (Check one.)
- For distributions after December 31, 2006, an Eligible Retired Public Safety Officer may elect, pursuant to Section 6.14, to have up to \$3,000 of the distribution deducted and paid directly to the provider of an accident or health insurance plan or qualified long-term care insurance plan.
  - The Plan does not allow elections by Eligible Retired Public Safety Officers under Section 6.14.
12. Non-spousal Beneficiary Rollovers. As described in Section 8.03, non-spousal Beneficiary rollovers are allowed after December 31, 2006, unless elected otherwise below. (Note: Such distributions are required by law to be allowed after December 31, 2009.)
- Non-spousal Beneficiary rollovers are not allowed prior to January 1, 2010.
  - Non-spousal Beneficiary rollovers are allowed effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than January 1, 2007 and not later than December 31, 2009).
13. Required Minimum Distributions for 2009. (Check one of the boxes in each of subsections (a) and (b) below. If none of the boxes in a subsection is checked, the first option shall apply to the Plan.)
- (a) For purposes of 2009 required minimum distributions:
- The provisions of Section 6.05(a) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for Participants or Beneficiaries receiving installment payments unless such Participant or Beneficiary elects otherwise, whereas Required Minimum Distributions are suspended for all other Participants and Beneficiaries).
  - The provisions of Section 6.05(b) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for all Participants and Beneficiaries, unless otherwise elected by a Participant or Beneficiary).
  - The provisions of Section 6.05(c) apply (Required Minimum Distributions continue in accordance with the terms of the Plan for all Participants and Beneficiaries, but only Participants or Beneficiaries receiving installment payments may elect otherwise).
  - Other: \_\_\_\_\_  
\_\_\_\_\_
  - Not applicable (Plan established as a new Plan after 2009). (Do not complete subsection (b) below.)
- (b) For purposes of Section 6.05(d), the Plan will treat the following as eligible rollover distributions in 2009:
- A direct rollover option shall be offered only for distributions that would be eligible rollover distributions without regard to Code Section 401(a)(9)(H).
  - Eligible rollover distributions shall include 2009 Required Minimum Distributions and installment payments that include 2009 Required Minimum Distributions.
  - Eligible rollover distributions shall include 2009 Required Minimum Distributions, but only if paid with an additional amount that is an eligible rollover distribution without regard to Code Section 401(a)(9)(H).
14. Optional Benefit Accruals under HEART Act. (Check one.)
- The optional benefit accrual provisions described in Section 4.12 for individuals who die or become disabled while performing qualified military service shall not apply.
  - The optional benefit accrual provisions described in Section 4.12 for individuals who die or become disabled while performing qualified military service shall apply effective \_\_\_\_\_, \_\_\_\_\_ (insert date not earlier than first day of 2007 Plan Year).
15. Governing Law. This Plan shall be construed under the laws of the State/Commonwealth of California (insert State/Commonwealth). This Plan shall be subject to any applicable State, county or local deferred compensation rules and regulations.



The Employer hereby causes this Adoption Agreement to be executed by its duly authorized representative on the date specified below.

Employer (Please Print): CITRUS HEIGHTS WATER DISTRICT

Employer's Signature: 

Name (Please Print): DAVE KANE David B Kane

Title: Assistant General Manager / Treasurer Date: 03/17/2014

Exhibit B

Administrative Services Agreement Between  
International City/County Management Association-  
Retirement Corporation and Citrus Heights Water District

# **ADMINISTRATIVE SERVICES AGREEMENT**

Between

**ICMA Retirement Corporation**

and

Citrus Heights Water District

Type: 457

Account #: 300144

## **ADMINISTRATIVE SERVICES AGREEMENT**

This Administrative Services Agreement (“Agreement”), made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between the International City Management Association Retirement Corporation (“ICMA-RC”), a nonprofit corporation organized and existing under the laws of the State of Delaware, and the Citrus Heights Water District (“Employer”), an entity organized and existing under the laws of the State of California with an office at 6320 Sylvan Road, Citrus Heights, California 95610.

### **RECITALS**

Employer acts as public plan sponsor of a retirement plan (“Plan”), and in that capacity, has responsibility to obtain administrative services and investment alternatives for the Plan;

VantageTrust is a group trust established and maintained in accordance with New Hampshire Revised Statutes Annotated section 391:1 and Internal Revenue Service Revenue Ruling 81-100, 1981-1 C.B. 326, which provides for the commingled investment of retirement funds;

ICMA-RC, or its wholly owned subsidiary, acts as investment adviser to VantageTrust Company, LLC, the Trustee of VantageTrust;

ICMA-RC has designed, and VantageTrust offers, a series of separate funds (the “Funds”) for the investment of plan assets as referenced in VantageTrust’s principal disclosure documents, the VantageTrust Disclosure Memorandum and the Funds’ Fact Sheets (together, “VT Disclosures”); and

ICMA-RC provides a range of services to public employers for the operation of employee retirement plans including, but not limited to, communications concerning investment alternatives, account maintenance, account recordkeeping, investment and tax reporting, transaction processing, and benefit disbursement.

## AGREEMENTS

### 1. Appointment of ICMA-RC

Employer hereby appoints ICMA-RC as Administrator of the Plan to perform all nondiscretionary functions necessary for the administration of the Plan. The functions to be performed by ICMA-RC shall be those set forth in Exhibit A to this Agreement.

### 2. Adoption of Trust

Employer has adopted the Declaration of Trust of VantageTrust Company and agrees to the commingled investment of assets of the Plan within VantageTrust. Employer agrees that the investment, management, and distribution of amounts deposited in VantageTrust shall be subject to the Declaration of Trust, as it may be amended from time to time and shall also be subject to terms and conditions set forth in disclosure documents (such as the VT Disclosures or Employer Bulletins) as those terms and conditions may be adjusted from time to time.

### 3. Employer Duty to Furnish Information

Employer agrees to furnish to ICMA-RC on a timely basis such information as is necessary for ICMA-RC to carry out its responsibilities as Administrator of the Plan, including information needed to allocate individual participant accounts to Funds in VantageTrust, and information as to the employment status of participants, and participant ages, addresses, and other identifying information (including tax identification numbers). Employer also agrees that it will notify ICMA-RC in a timely manner regarding changes in staff as it relates to various roles. Such notification is to be completed through the online EZLink employer contact options. ICMA-RC shall be entitled to rely upon the accuracy of any information that is furnished to it by a responsible official of the Employer or any information relating to an individual participant or beneficiary that is furnished by such participant or beneficiary, and ICMA-RC shall not be responsible for any error arising from its reliance on such information. ICMA-RC will provide reports, statements and account information to the Employer through EZLink, the online plan administrative tool.

Employer is required to send in contributions through EZLink, the online plan administration tool provided by ICMA-RC. Alternative electronic methods may be allowed, but must be approved by ICMA-RC for use. Contributions may not be sent through paper submittal documents.

To the extent Employer selects third-party funds that do not have fund profile information provided to ICMA-RC through our electronic data feeds from external sources (such as Morningstar) or third party fund providers, the Employer is responsible for providing to ICMA-RC timely fund investment updates for disclosure to Plan participants. Such updates may be provided to ICMA-RC through the Employer's investment consultant or other designated representative.

4. ICMA-RC Representations and Warranties

ICMA-RC represents and warrants to Employer that:

- (a) ICMA-RC is a non-profit corporation with full power and authority to enter into this Agreement and to perform its obligations under this Agreement. The ability of ICMA-RC, or its wholly owned subsidiary, to serve as investment adviser to VantageTrust Company is dependent upon the continued willingness of VantageTrust Company for ICMA-RC, or its wholly owned subsidiary, to serve in that capacity.
- (b) ICMA-RC is an investment adviser registered as such with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended.
- (c) ICMA-RC shall maintain and administer the Plan in accordance with the requirements for eligible deferred compensation plans under Section 457 of the Internal Revenue Code and other applicable federal law; provided, however, that ICMA-RC shall not be responsible for the eligible status of the Plan in the event that the Employer directs ICMA-RC to administer the Plan or disburse assets in a manner inconsistent with the requirements of Section 457 or otherwise causes the Plan not to be carried out in accordance with its terms. Further, in the event that the Employer uses its own customized plan document, ICMA-RC shall not be responsible for the eligible status of the Plan to the extent affected by terms in the Employer's plan document that differ from those in ICMA-RC's standard plan document. ICMA-RC shall not be responsible for monitoring state or local law applicable to retirement plans or for administering the Plan in compliance with local or state requirements regarding plan administration unless Employer notifies ICMA-RC of any such local or state requirements.

5. Employer Representations and Warranties

Employer represents and warrants to ICMA-RC that:

- (a) Employer is organized in the form and manner recited in the opening paragraph of this Agreement with full power and authority to enter into and perform its obligations under this Agreement and to act for the Plan and participants in the manner contemplated in this Agreement. Execution, delivery, and performance of this Agreement will not conflict with any law, rule, regulation or contract by which the Employer is bound or to which it is a party.
- (b) Employer understands and agrees that ICMA-RC's sole function under this Agreement is to act as recordkeeper and to provide administrative, investment or other services at the direction of Plan participants, the

Employer, its agents or designees in accordance with the terms of this Agreement. Under the terms of this Agreement, ICMA-RC does not render investment advice, is neither the “Plan Administrator” nor “Plan Sponsor” as those terms are defined under applicable federal, state, or local law, and does not provide legal, tax or accounting advice with respect to the creation, adoption or operation of the Plan and its related trust. ICMA-RC does not perform any service under this Agreement that might cause ICMA-RC to be treated as a “fiduciary” of the Plan under applicable law, except, and only, to the extent that ICMA-RC provides investment advisory services to individual participants enrolled in Guided Pathways Advisory Services.

- (c) Employer acknowledges and agrees that ICMA-RC does not assume any responsibility with respect to the selection or retention of the Plan’s investment options. Employer shall have exclusive responsibility for the Plan’s investment options, including the selection of the applicable mutual fund share class. Where applicable, Employer understands that the VT Retirement IncomeAdvantage Fund is an investment option for the Plan and that the fund invests in a separate account available through a group variable annuity contract. By entering into this Agreement, Employer acknowledges that it has received the Important Considerations document and the VT Disclosures and that it has read the information therein concerning the VT Retirement IncomeAdvantage Fund.
- (d) Employer acknowledges that certain such services to be performed by ICMA-RC under this Agreement may be performed by an affiliate or agent of ICMA-RC pursuant to one or more other contractual arrangements or relationships, and that ICMA-RC reserves the right to change vendors with which it has contracted to provide services in connection with this Agreement without prior notice to Employer.
- (e) Employer acknowledges that it has received ICMA-RC’s Fee Disclosure Statement, prepared in substantial conformance with ERISA regulations regarding the disclosure of fees to plan sponsors.
- (f) Employer approves the use of its Plan in ICMA-RC external media, publications and materials. Examples include press releases announcements and inclusion of the general plan information in request for proposal responses.

#### 6. Participation in Certain Proceedings

The Employer hereby authorizes ICMA-RC to act as agent, to appear on its behalf, and to join the Employer as a necessary party in all legal proceedings involving the garnishment of benefits or the transfer of benefits pursuant to the divorce or separation of participants in the Plan. Unless Employer notifies ICMA-RC otherwise, Employer consents to the

disbursement by ICMA-RC of benefits that have been garnished or transferred to a former spouse, current spouse, or child pursuant to a domestic relations order or child support order.

7. Compensation and Payment

- (a) **Plan Administration Fee.** The amount to be paid for plan administration services under this Agreement shall be 0.55% per annum of the amount of Plan assets invested in VantageTrust. Such fee shall be computed based on average daily net Plan assets in VantageTrust.
- (b) **Compensation for Management Services to VantageTrust, Compensation for Advisory and other Services to the VT III Vantagepoint Funds and Payments from Third-Party Mutual Funds.** Employer acknowledges that, in addition to amounts payable under this Agreement, ICMA-RC receives fees from VantageTrust for investment advisory services and plan and participant services furnished to VantageTrust. Employer further acknowledges that ICMA-RC, including certain of its wholly owned subsidiaries, receives compensation for advisory and other services furnished to the VT III Vantagepoint Funds, which serve as the underlying portfolios of a number of Funds offered through VantageTrust. For a VantageTrust Fund that invests substantially all of its assets in a third-party mutual fund not affiliated with ICMA-RC, ICMA-RC or its wholly owned subsidiary receives payments from the third-party mutual fund families or their service providers in the form of 12b-1 fees, service fees, compensation for sub-accounting and other services provided based on assets in the underlying third-party mutual fund. These fees are described in the VT Disclosures and ICMA-RC's fee disclosure statement. In addition, to the extent that third party mutual funds are included in the investment line-up for the Plan, ICMA-RC receives administrative fees from its third party mutual fund settlement and clearing agent for providing administrative and other services based on assets invested in third party mutual funds; such administrative fees come from payments made by third party mutual funds to the settlement and clearing agent.
- (c) **Redemption Fees.** Redemption fees imposed by outside mutual funds in which Plan assets are invested are collected and paid to the mutual fund by ICMA-RC. ICMA-RC remits 100% of redemption fees back to the specific mutual fund to which redemption fees apply. These redemption fees and the individual mutual fund's policy with respect to redemption fees are specified in the prospectus for the individual mutual fund and referenced in the VT Disclosures.
- (d) **Payment Procedures.** All payments to ICMA-RC pursuant to this Section 7 shall be made from Plan assets held by VantageTrust or received from third-party mutual funds or their service providers in connection with Plan



assets invested in such third-party mutual funds, to the extent not paid by the Employer. The amount of Plan assets administered by ICMA-RC shall be adjusted as required to reflect any such payments as are made from the Plan. In the event that the Employer agrees to pay amounts owed pursuant to this Section 7 directly, any amounts unpaid and outstanding after 30 days of invoice to the Employer shall be withdrawn from Plan assets.

The compensation and payment set forth in this Section 7 are contingent upon the Employer's use of ICMA-RC's EZLink system for contribution processing and submitting contribution funds by ACH or wire transfer on a consistent basis over the term of this Agreement.

8 Contribution Remittance

Employer understands that amounts invested in the Plan are to be remitted directly to Vantagepoint Transfer Agents in accordance with instructions provided to Employer by ICMA-RC and are not to be remitted to ICMA-RC. In the event that any check or wire transfer is incorrectly labeled or transferred to ICMA-RC, ICMA-RC may return it to Employer with proper instructions.

9. Indemnification

ICMA-RC shall not be responsible for any acts or omissions of any person with respect to the Plan or its related trust, other than ICMA-RC in connection with the administration or operation of the Plan. Employer shall indemnify ICMA-RC against, and hold ICMA-RC harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorney's fees, that may be incurred by, imposed upon, or asserted against ICMA-RC by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or its related trust, excepting only any and all loss, damage, penalty, liability, cost or expense resulting from ICMA-RC's negligence, bad faith, or willful misconduct.

10. Term

This Agreement shall be in effect and commence on the date all parties have signed and executed this Agreement ("Inception Date"). This Agreement may be terminated without penalty by either party on sixty days advance notice in writing to the other; provided however, that the Employer understands and acknowledges that, in the event the Employer terminates this Agreement (or replaces the Vantagepoint PLUS Fund, offered by VantageTrust, as an investment option in its investment line-up), ICMA-RC retains full discretion to release Plan assets invested in the Vantagepoint PLUS Fund in an orderly manner over a period of up to 12 months from the date ICMA-RC receives written notification from the Employer that it has made a final and binding selection of a replacement for ICMA-RC as administrator of the Plan (or a replacement investment option for the Vantagepoint PLUS Fund).

11. Amendments and Adjustments

- (a) This Agreement may be amended by written instrument signed by the parties.
- (b) ICMA-RC may modify this agreement by providing 60 days' advance written notice to the Employer prior to the effective date of such proposed modification. Such modification shall become effective unless, within the 60-day notice period, the Employer notifies ICMA-RC in writing that it objects to such modification.
- (c) The parties agree that enhancements may be made to administrative services under this Agreement. The Employer will be notified of enhancements through the Employer Bulletin, quarterly statements, electronic messages or special mailings. Likewise, if there are any reductions in fees, these will be announced through the Employer Bulletin, quarterly statement, electronic messages or special mailing.

12. Notices

Unless otherwise provided in this Agreement, all notices required to be delivered under this Agreement shall be in writing and shall be delivered, mailed, e-mailed or faxed to the location of the relevant party set forth below or to such other address or to the attention of such other persons as such party may hereafter specify by notice to the other party.

**ICMA-RC:** Legal Department, ICMA Retirement Corporation, 777 North Capitol Street, N.E., Suite 600, Washington, D.C., 20002-4240  
**Facsimile;** (202) 962-4601

**Employer:** at the office set forth in the first paragraph hereof, or to any other address, facsimile number or e-mail address designated by the Employer to receive the same by written notice similarly given.

Each such notice, request or other communication shall be effective: (i) if given by facsimile, when transmitted to the applicable facsimile number and there is appropriate confirmation of receipt; (ii) if given by mail or e-mail, upon transmission to the designated address with no indication that such address is invalid or incorrect; or (iii) if given by any other means, when actually delivered at the aforesaid address.

13. Complete Agreement

This Agreement shall constitute the complete and full understanding and sole agreement between ICMA-RC and Employer relating to the object of this Agreement and correctly sets forth the complete rights, duties and obligations of each party to the other as of its date. This Agreement supersedes all written and oral agreements, communications or negotiations among the parties. Any prior agreements, promises, negotiations or

representations, verbal or otherwise, not expressly set forth in this Agreement are of no force and effect.

14. Titles

The headings of Sections of this Agreement and the headings for each of the attached schedules are for convenience only and do not define or limit the contents thereof.

15. Incorporation of Exhibits

All Exhibits (and any subsequent amendments thereto), attached hereto, and referenced herein, are hereby incorporated within this Agreement as if set forth fully herein.

16. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made in that jurisdiction without reference to its conflicts of laws provisions.

In Witness Whereof, the parties hereto certify that they have read and understand this Agreement and all Schedules attached hereto and have caused this Agreement to be executed by their duly authorized officers as of the Inception Date first above written.

CITRUS HEIGHTS WATER DISTRICT

By \_\_\_\_\_  
Signature/Date

By \_\_\_\_\_  
Name and Title (Please Print)

INTERNATIONAL CITY MANAGEMENT  
ASSOCIATION RETIREMENT CORPORATION

By  \_\_\_\_\_  
Erica McFarquhar  
Assistant Secretary

Please return an executed copy of the Agreement to a Delivery Address, either:

- (a) Electronically to [PlanAdoptionServices@icmarc.org](mailto:PlanAdoptionServices@icmarc.org), or
- (b) In paper form to  
ICMA-RC  
ATTN: PLAN ADOPTION SERVICES  
777 North Capitol Street NE  
Suite 600  
Washington DC 20002-4240

## Exhibit A

### Administrative Services

The administrative services to be performed by ICMA-RC under this Agreement shall be as follows:

- (a) Participant enrollment services, including providing a welcome package and enrollment kit containing instructions and notices necessary to implement the Plan's administration. Employees will enroll online or through a paper form. Employer can also enroll employees through EZLink.
- (b) Establishment of participant accounts for each employee participating in the Plan for whom ICMA-RC receives appropriate enrollment instructions. ICMA-RC is not responsible for determining if such Plan participants are eligible under the terms of the Plan.
- (c) Allocation in accordance with participant directions received in good order of individual participant accounts to investment funds offered under the Plan.
- (d) Maintenance of individual accounts for participants reflecting amounts deferred, income, gain or loss credited, and amounts distributed as benefits.
- (e) Maintenance of records for all participants for whom participant accounts have been established. These files shall include enrollment instructions (provided to ICMA-RC through Account Access or EZLink), beneficiary designation instructions and all other documents concerning each participant's account.
- (f) Provision of periodic reports to the Employer through EZLink. Participants will have access to account information through Investor Services, Voice Response System, Account Access, TextAccess and through quarterly statements that can be delivered electronically through Account Access or by postal service.
- (g) Communication to participants of information regarding their rights and elections under the Plan.
- (h) Making available Investor Services Representatives through a toll-free telephone number from 8:30 a.m. to 9:00 p.m. Eastern Time, Monday through Friday (excluding holidays and days on which the securities markets or ICMA-RC are closed for business (including emergency closings)), to assist participants.
- (i) Making available access to ICMA-RC's web site, to allow participants to access certain account information and initiate certain plan transactions at any time. Account access is normally available 24 hours a day, seven days a week except during scheduled maintenance periods designed to ensure high-quality performance. The scheduled maintenance window is outlined at <https://harper1.icmarc.org/login.jsp>.
- (j) Maintaining the security and confidentiality of client information through a system of controls including but not limited to, as appropriate: restricting plan and participant information only to those who need it to provide services, software

and hardware security, access controls, data back-up and storage procedures, non-disclosure agreements, security incident response procedures, and audit reviews.

- (k) Making available access to ICMA-RC's plan sponsor EZLink web site to allow plan sponsors to access certain plan information and initiate plan transactions such as enrolling participants and managing contributions at any time. EZLink is normally available 24 hours a day, seven days a week except during scheduled maintenance periods designed to ensure high-quality performance. The scheduled maintenance window is outlined at <https://harper1.icmarc.org/login.jsp>.
- (l) Distribution of benefits as agent for the Employer in accordance with terms of the Plan. Participants who have separated from service can request distributions through Account Access or via form.
- (m) Upon approval by the Employer that a domestic relations order is an acceptable qualified domestic relations order under the terms of the Plan, ICMA-RC will establish a separate account record for the alternate payee and provide for the investment and distribution of assets held thereunder.
- (n) Loans may be made available on the terms specified in the Loan Guidelines, if loans are adopted by the Employer. Participants can request loans through Account Access.
- (o) Guided Pathways Advisory Services – ICMA-RC's participant advice service, "Fund Advice", and asset allocation service, "Asset Class Guidance" may be made available through a third party vendor on the terms specified on ICMA-RC's website.
- (p) ICMA-RC will determine appropriate delivery method (electronic and/or print) for plan sponsor/participant communications and education based on a number of factors (audience, effectiveness, etc.).

## Exhibit C

# Affirmative Statement for Adopting a Section 457 Deferred Compensation Plan

**AFFIRMATIVE STATEMENT  
FOR ADOPTING A SECTION 457 DEFERRED COMPENSATION PLAN**

Name of Employer: Citrus Heights Water District      State: CA      Plan Number: \_\_\_\_\_

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the establishment of a deferred compensation retirement plan serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer hereby adopts or has previously adopted the Declaration of Trust of VantageTrust, intending this execution to be operative with respect to any retirement or deferred compensation plan subsequently established, if the assets of the plan are to be invested in VantageTrust;

NOW THEREFORE, as a duly authorized agent of the Employer, I hereby:

ESTABLISH the Employer's 457 deferred compensation plan (the "Plan") in the form of:

- The ICMA Retirement Corporation Deferred Compensation Plan and Trust; or
- The plan provided by the Employer (executed copy attached hereto).

SPECIFY that the assets of the Plan shall be held in trust, with the Employer serving as trustee ("Trustee"), for the exclusive benefit of the Plan participants and their beneficiaries, and shall not be diverted to any other purpose. The Employer's beneficial ownership of Plan assets held in VantageTrust shall be held for the further exclusive benefit of the Plan participants and their beneficiaries;

SPECIFY that the General Manager shall be the coordinator for the Plan; shall receive reports, notices, etc., from ICMA Retirement Corporation or VantageTrust; shall cast, on behalf of the Employer, any required votes under VantageTrust; may delegate any administrative duties relating to the Plan to appropriate departments; and is authorized to execute all necessary agreements with ICMA Retirement Corporation incidental to the administration of the Plan; and

AFFIRM that the Employer hereby agrees to serve as Trustee under the Plan.

DATE: May 15, 2019

General Manager  
(Title of Designated Agent)

\_\_\_\_\_  
(Signature)



# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MEETING MAY 15, 2019 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE AN AGREEMENT WITH J.P. MORGAN CHASE FOR CREDIT CARD SERVICES

STATUS : Action Item

REPORT DATE : May 2, 2019

PREPARED BY : Beth Shockley, Management Services Specialist  
Alberto Preciado, Accounting Supervisor

### **OBJECTIVE:**

1. Consider authorizing the General Manager to execute an agreement with JP Morgan Chase to enroll the District in its Corporate Card Program
2. Consider approving amended District Policy No. 6520 Credit Cards.

### **BACKGROUND AND ANALYSIS:**

The District has been enrolled in US Bank's Cal Card Program since 2003. New technologies are now available that provide more options and tools for users of credit card products. Additionally, limitations on available statement closing dates for Cal Card have necessitated rushed reconciliations of card statements on a regular basis. Staff evaluated the current District credit card (Cal Card) as well as other potential card options to explore whether opportunities to streamline the District's monthly purchasing and reconciliation process for credit card statements exist.

Staff evaluated five potential vendors and their procurement card products, including our current vendor, US Bank, where staff met with vendor representatives, and received demonstrations of the available products. Several features were considered, including: cost, software integration, user tools, such as the availability of a mobile app and efficient reconciliation tools. Many of these options are not available from our current credit card provider. As a result of the evaluation based on the above criteria, Staff recommends that the Board authorize the General Manager to execute an agreement with JP Morgan Bank as the District's credit card provider. The draft agreement, attached as Attachment 2, has been reviewed by District Assistant General Counsel, Josh Nelson.

A primary benefit of moving to JP Morgan Bank Corporate Credit Card (Chase Card) is streamlining the procurement cycle through a more robust user interface available on the Chase Card's website, and the availability of a smartphone application. This will benefit both the employee making the purchase, and District administrative staff. Any reduction in the monthly processing will support efforts to free-up administrative staff time for customer service support and other activities, as well as reduced reconciliation time for all cardholders. There are no fees associated with the JP Morgan Chase Card, such as set-up fees, annual fees, and usage fees.

District Policy No. 6520, Credit Cards sets forth policy requirements regulating the issuance and use of credit cards by District personnel. The policy outlines acceptable uses for the District credit card, authorizations required, reconciliation and reporting requirements. The same policy regarding District purchases of goods and services, District Policy No. 6500, Purchasing and Procurement, applies whether the

purchase is made with a District credit card, District check, or cash. The only difference is the mode of payment.

Staff reviewed District Policy No. 6520, Credit Cards with District Assistant General Counsel, Josh Nelson for potential updates, and to ensure compliance with District Policy No. 6500, Purchasing and Procurement. This policy has not been amended since its adoption in 1996.

The Policy has been amended to remove language specific to the Cal Card, which duplicated paragraphs 6520.00 and 6520.10. Assistant General Counsel Nelson also recommended the addition of a provision outlining types of transactions that are specifically prohibited, a provision for reporting requirements for cardholders, provisions detailing responsibilities for lost or stolen cards, and for the surrender of cards, and a provision for penalties arising from violating the policy. These additional provisions are recommended to protect the District from liability caused by potential misuse of the District's purchasing cards.

**RECOMMENDATION:**

1. Authorize the General Manager to execute agreement with JP Morgan Chase
2. Approve amended District Policy No. 6520 Credit Cards.

**ATTACHMENTS:**

- 1) Proposed Policy 6520: Credit Cards
- 2) Draft JP Morgan Chase Draft Master Commercial Card Agreement

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

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Attachment 1  
Proposed Policy 6520: Credit Cards

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : FISCAL MANAGEMENT  
POLICY TITLE : CREDIT CARDS  
POLICY NUMBER : 6520  
DATE ADOPTED : MAY 21, 1996  
DATE AMENDED : MAY 15, 2019;  
AMENDMENTS : (1) OCTOBER 2, 2001

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6520.00                    CREDIT CARDS

The use of a District credit card(s) ~~or purchase card(s)~~ to obtain goods and services is recognized as an efficient alternative to payment by check or cash for some purchases. ~~Typical use of such credit or purchase cards include, but is not necessarily limited to, securing of accommodations for continued education functions, purchase of vehicle fuel and oil, and to expedite purchases from out of area vendors and to expedite the purchase of tools and supplies.~~ District credit cards are typically used for purposes including, but not limited to, District-related travel, accommodation and procurement.

6520.10                    ISSUANCE OF CREDIT CARDS

Credit cards may be issued to District personnel as deemed necessary and prudent by the General Manager. Credit cards shall be maintained in the name of the District, with the name of the individual authorized to use the card also assigned to the account as required by the credit card issuer. The General Manager shall determine the appropriate credit limit.

Prior to receiving a District credit card, District personnel must sign an agreement acknowledging that they have read this policy and agree to abide by its terms. The agreement shall state that if the employee misuses the card, he/she will be subject to disciplinary action, up to and including termination. Copies of the signed agreement shall be placed in the employee's personnel file. Purchases utilizing said cards shall be authorized only by the persons to whom they are issued, typically the District Directors, Officers, General Manager, or Assistant General Manager. Said purchases shall be subject to the provisions of Purchasing and Procurement Policy 6500. Persons to whom credit cards are issued shall be responsible for securing the cards appropriately to prevent loss, theft or misuse

~~Directors shall be provided with a copy of the monthly credit card statements for review concurrent with the monthly Treasurer's Report.~~

6520.20                    PURCHASE CARDS AUTHORIZED TRANSACTIONS

District credit cards may be used only by the individual(s) to whom they are issued and only for official District purposes. Unless otherwise authorized in writing in advance by the General Manager, purchases paid by credit card must adhere to the District's *Purchasing and Procurement Policy 6500*. Unless specifically authorized by the General Manager, the cardholder may be held personally liable if he or she exceeds the established credit card limit.

Emergency credit card purchases necessary for the continuing function of the District or in response to situations such as natural disasters, terrorist attacks, catastrophic loss of infrastructure and similar events are permitted. In such cases, the General Manager must be notified as soon as possible of the emergency purchase. No such purchase may exceed established credit limits without prior authorization from the General Manager or his/her designee.

~~Purchase cards issued under the State of California CAL Card Program shall be issued to District personnel as determined necessary and prudent by the General Manager. Purchase cards shall be maintained in the name of the District.~~

~~Purchases utilizing said cards shall be authorized only by the persons to whom they are issued. Said purchases shall be subject to the provisions of Purchasing and Procurement Policy 6500. Persons to whom purchase cards are issued shall be responsible for securing the cards appropriately to prevent loss, theft or misuse.~~

~~Directors shall be provided with a copy of the monthly purchase card statements for review concurrent with the monthly Treasurer's Report.~~

#### 6520.30 UNAUTHORIZED TRANSACTIONS

District credit cards may only be used for official District purposes. Prohibited uses include:

1. Personal transactions unrelated to District business
2. Cash advances
3. Transactions beyond established credit limits
4. Purchases that circumvent or violate District policies
5. Purchases that are unlawful under state or federal law, including, but not limited to, purchases that violate ethical rules related to gifts
6. Betting, casino gaming and related activities
7. Alcoholic beverages

#### 6520.430 GAS AND OIL CREDIT CARD

One (1) gas and oil credit card account is to be maintained in the name of the District for use limited strictly to District vehicles, either locally or for transportation associated with District business.

The gas and oil credit card, or duplicates thereof, shall typically remain either (a) secured in the vault at the District office, accessible only to authorized Directors, Officers, General Manager, or Assistant General Manager, or (b) upon direction of the General Manager, be entrusted to a local

vendor for routine daily purchases by District personnel. Such a local vendor ~~The~~-local vendor shall be provided with a listing of all District vehicles, including exempt license plate number, for which use of the gas and oil credit card is approved and a listing of all District employees, including driver's license number, approved to secure services. Such vendor ~~The~~-vendor shall be required to confirm vehicle and personnel identification for each and every purchase.

#### 6520.40 ACCOUNT BALANCES

~~Credit card and purchase card account balances shall be paid in full each month in a timely manner to avoid incurring of any late charges or finance charges.~~

#### 6520.50 REPORTING REQUIREMENTS AND PROCEDURES

Within five (5) business days of receiving a credit card statement, each authorized cardholder must submit to the District's Administrative Services Department detailed receipts and descriptions of all transactions described on the statement, including a description of the business purpose, date of purchase, merchant's name and any other attendees. If the cardholder does not have proper documentation for a transaction, he or she shall provide an explanation for the transaction in a memorandum signed by his or her supervisor.

The Administrative Services Department shall manage the District's relationship with credit card issuer(s), including handling all disputed transactions directly with the issuer(s). The Administrative Services Department shall provide District Directors with a copy of monthly credit card statements for review concurrent with the monthly Financial Reports. Credit card account balances shall be paid in full each month in a timely manner to avoid incurring any late or finance charges.

#### 6520.60 LOST OR STOLEN CARDS

Authorized cardholders are responsible for securing District credit cards appropriately to prevent loss, theft or misuse. If a District credit card is lost, stolen or misused, the cardholder shall immediately report the occurrence to the Administrative Services Manager so the card may be cancelled. If a District card is used for personal purposes, the use shall be immediately reported to the Administrative Services Manager and such charge(s) immediately refunded.

#### 6520.70 SURRENDER OF CARD

Cardholders shall immediately surrender District credit cards upon request of the General Manager. When an employee separates from the District, he or she shall immediately surrender any District credit cards to his or her manager who shall, in turn, return such card(s) to the Administrative Services Manager. Use of a District credit card for any purpose after its surrender is prohibited.

#### 6520.80 VIOLATION OF CREDIT CARD PURCHASING POLICY

Violation of this policy may result in penalties including, but not limited to, the loss of credit card privileges; a demand for restitution to the District for unauthorized or improper purchases; prosecution under state or federal law for misuse of public resources; and disciplinary action up to

| and including termination.

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Attachment 2  
JP Morgan Chase Draft Master  
Commercial Card Agreement



# MASTER COMMERCIAL CARD AGREEMENT

Version 2.1

This Master Commercial Card Agreement, which is comprised of the Master Terms together with any exhibits and Local Schedules attached thereto, as amended, supplemented or replaced from time to time (the "**Master Agreement**"), is made and entered into as of \_\_\_\_\_, 20\_\_ (the "**Effective Date**") and sets forth the terms and conditions under which **JPMorgan Chase Bank, N.A.** or one or more of its Affiliates ("**Bank**") shall provide commercial card services to \_\_\_\_\_ ("**Client**") who executes this Master Agreement and/or one or more of such Client's Affiliates. Client and Bank may be referred to in this Master Agreement individually as "**Party**" and collectively as the "**Parties**". For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Client and Bank hereby agree as follows:

## MASTER TERMS

### 1. Definitions

Each capitalized term used in this Master Agreement shall have the following defined meanings set forth below or as otherwise set forth herein.

**Access Code** means the user identification code and password assigned to Authorized Users.

**Account** means each account established in the name of Client pursuant to this Master Agreement.

**Affiliate** means an entity controlling, controlled by, or under common control with, directly or indirectly, a Party to this Master Agreement. For this purpose, one entity "controls" another entity if it has the power to direct the management and policies of the other entity (for example, through the ownership of voting securities or other equity interest, representation on its board of directors or other governing body, or by contract).

**Applicable Law** means for any country, all federal, state, provincial and local laws, statutes, regulations, rules, executive orders, supervisory requirements, licensing requirements, export requirements, directives, circulars, decrees, interpretive letters, guidance or other official releases of or by any government, any authority, department or agency thereof, or any regulatory or self-regulatory organization such as the European Union, that apply to a Party's obligations under the Master Agreement.

**Authorized Approver** or **Authorized Signer** means an individual(s) designated by Client to have authority over the Program.

**Authorized User** means an individual designated by Client to access Account and Transaction data and reports.

**Business Day** means a day on which Bank is open for business as identified in the applicable Local Schedule.

**Card** means a Network-branded card that is issued to Cardholders by Bank upon the request of Client and approval by Bank, and includes any plastic card bearing a card number and accounts and card numbers with no associated plastic card, which includes Single-Use Accounts.

**Card Request** means a written or electronic transmittal from Client, requesting Bank to issue a Card(s).

**Cardholder** means: (A) an individual in whose name a Card is issued, and (B) any person or entity authorized by Client or named Cardholder to use a Card.

**Cardholder Agreement** means documentation provided by Bank to Client or Cardholder governing use of a Card by such Cardholder.

**Cardholder Credit Limit** means the maximum spending limit established in relation to a Cardholder.

**Corporate Liability** means Client is solely liable for the Transactions, subject to the Master Agreement and any Cardholder Agreement.

**Credit Card Network** or **Network** means either MasterCard International, Inc. or Visa U.S.A., Inc.

**Credit Limit** means the maximum spending limit established for Client in connection with the Program.

**Cycle** means the monthly period ending on the same day each month or, if that day is not a Business Day, then the following Business Day or preceding Business Day, as systems may require, or such other period as Bank may specify.

**Effective Date** means the date indicated as such on the introductory paragraph.

**Fraudulent Transactions** means transactions made on a Card by a person, other than Client or Cardholder, who does not have actual, implied or apparent authority for such use, and which Cardholder or Client receives no direct or indirect benefit.

**Joint and Several Liability** means Client and Cardholder are jointly and severally liable for the Transactions, subject to the Master Agreement, and the Cardholder Agreement.

**Local Schedule** means a schedule to this Master Agreement which sets forth the terms and conditions applicable to the commercial card Programs provided to Client in a particular geographic region or country.

**Marks** means the name, trade name, and all registered or unregistered service marks of Client, the Network and Bank.

**Program** means the commercial card system composed of Accounts, Card-use controls, reports to facilitate purchases of and payments for business goods and services, and related services, all as established in connection with the Master Agreement.

**Program Administrator** means an individual or individuals authorized by Client to perform administrative and security functions in connection with the Program and System.

**Single-Use Account** means a one-time virtual card number generated for a single transaction.

**Systems** means the systems through which Client can access Account and Transaction data and reports.

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

**Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under the Master Agreement.

**Transaction** means a purchase, a cash advance, fees, charges or any other activity charged to an Account in respect of a Card.

## 2. Certain Bank Services

- A. Subject to prior financial, risk management and compliance approvals by Bank, Bank shall establish Accounts in the name of Client and, where applicable, issue Cards to employees and authorized representatives of Client who are approved by Bank and are designated and authorized by Client to incur legitimate business expenses on Client's behalf. Any balance outstanding associated with an Account for which a corporate liability waiver is requested shall become immediately due and payable.
- B. Extension of Program. Upon Client's submission of a request from time to time in the form required by Bank and following Bank's agreement to do so, Bank will extend the Program to Client's Affiliates. Client is responsible as principal obligor for all obligations under the Master Agreement (including, without limitation, as principal obligor with respect to all payment and other obligations as the same relate to its Affiliates and their respective Cardholders and waives any defences or offsets available to such Affiliates). Client shall cause each of its Affiliates and their respective Cardholders to comply with the Master Agreement.
- C. Notwithstanding the foregoing, Bank shall not be obligated to provide any Account to Client or any Client Affiliate or any Card to an employee or authorized representative of Client or any Client Affiliate or to process any transactions in violation of any limitation or prohibition imposed by Applicable Law, including, but not limited to, the regulations issued by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**").
- D. Supplier Recruitment. Supplier recruitment is an optional recruitment campaign comprising of certain services provided by Bank (such services collectively, "Supplier Recruitment") in connection with certain products. Should Client request Supplier Recruitment services, Client shall be deemed to have accepted and agreed to the following terms of use:
- i. Client will complete Supplier Campaign Questionnaire/Form provided by Bank;
  - ii. Client will commit to having internal resources available to address weekly recruitment needs;
  - iii. Client will provide, to the extent commercially reasonable, complete and accurate supplier information including, but not limited to, supplier name, remittance address, contact name, phone number, and email addresses.
  - iv. Should Client not have complete and accurate Supplier contact information, the Bank will offer "Supplier Data Enrichment", a recruitment service utilizing internal and external data sources to obtain supplier contact information for the purpose of Supplier Recruitment. Bank will use commercially reasonable efforts to enrich supplier data provided by client via the Supplier Data Enrichment process. Client is solely responsible for validating Bank obtained supplier contact information during the recruitment process and prior to issuing payment to that supplier. Client acknowledges that supplier contact information is deemed to be accurate once payment has been requested.
  - v. Bank reserves the right to refuse or discontinue Supplier Recruitment and/or Data Enrichment services at any time.
  - vi. Furthermore, except to the extent that such Claims (as hereinafter defined) arise from the negligent or wrongful actions of the Bank or its Affiliates, Client, on its behalf and on behalf of each of its Affiliates:
    - (a) releases and forever discharges Bank and each of its Affiliates from any and all past, present and future claims, losses, liabilities, obligations, expenses, attorney or other fees, suits, debts, liens, contracts, agreements, promises, demands and damages, of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent (collectively, "Claims") that Client or any of its and each of its Affiliates ever had, now has, or hereafter may have against Bank and each of its Affiliates, arising out of or related to, Supplier Recruitment and Supplier Data Enrichment, and
    - (b) agrees to reimburse Bank and each of its Affiliates for any direct damages Bank incurs related to all Claims arising under clause (a) from Client suppliers.

## 3. Obligations of Client

In connection with the Program, Client shall:

- A. Submit Card Requests in the form and via the method required by Bank. Client shall not give, nor cause or permit to be given, any Card to a Cardholder before the Cardholder application process defined by Bank is completed.
- B. Notify each Cardholder at the earliest opportunity: (i) that Cards are to be used only for Client's business purposes; (ii) of the Cardholder Credit Limit and any other applicable limit; (iii) of Bank suspending a Card or refusing to issue any further Cards, closing an Account, or ending the Cardholder Agreement; (iv) of revisions to any guide to the use of Cards (if applicable); and (v) of the extent, if any, to which Bank will provide Transaction and Account information to third Parties at Client's request.
- C. Use commercially reasonable efforts: (i) to safeguard Accounts using reasonable security procedures; (ii) where applicable, to maintain a process ensuring timely and accurate reimbursement of all Transactions to its Cardholders; (iii) not to exceed the Credit Limit; (iv) to collect and destroy any Cards which are no longer required; and (v) to the extent that Cardholder Agreements and Cardholder documentation are provided, cause Cardholders to comply with the Cardholder Agreements and Cardholder documentation.
- D. If not previously provided by Bank, provide to each actual and prospective Cardholder, in accordance with Bank's instructions, Cardholder documentation supplied by Bank.
- E. Immediately notify Bank: (i) of any Card or any Account which is no longer required; and (ii) by phone of any Card that Client knows or suspects has been lost, stolen, misappropriated, improperly used or compromised. In connection with Client's notifications obligations described herein and notwithstanding anything to the contrary contained in this Master Agreement:
- i. Liability for Fraudulent Transactions Following Notification. Client shall not be liable for any Fraudulent Transactions made on a Card under any Account after the effective time of such notification to Bank of such Fraudulent Transaction.
  - ii. Liability for Fraudulent Transactions Prior to Notification. Subject to the terms and conditions contained in subsection (iii) below, Client shall not be liable for Fraudulent Transactions made on a Card under any Account prior to the effective time of such notification to Bank of such Fraudulent Transactions.
  - iii. Bank reserves the right, in its sole and absolute discretion, to hold Client liable for Fraudulent Transactions should Bank determine that, subsequent to implementation of Client's Program and at the time that the Fraudulent Transaction occurred, Client failed to operate its Program in accordance with the following fraud reduction requirements:
    - a. Client must block required high risk merchant category codes ("**MCC's**") identified by Bank and presented to Client;
    - b. Client must maintain reasonable security precautions and controls regarding the dissemination, use and storage of Account and Transaction data; and
    - c. Client must comply with all other requirements as Bank may reasonably require from time to time.

If Client fails to comply with its obligations described in this subsection (iii), and Bank determines Client to be liable for Fraudulent Transactions, Bank will either: (1) invoice Client for the amount of such Fraudulent Transaction minus any amounts collected, or (2) deduct the amount of such Fraudulent Transaction amount from Client's rebate.
- F. Notify Bank of any Transaction that Client disputes as soon as practicable after the last day of the Cycle during which such Transaction is charged to Client, and in any event within sixty (60) days of such day. Client shall use commercially reasonable efforts to assist in obtaining reimbursement from a merchant. Client or, subject to any Cardholder Agreement and in the case of Cards under any Joint and Several Liability Accounts, the Cardholder, shall not be relieved of liability for any disputed Transaction if the charge-back is rejected in accordance with the applicable Network's charge-back policy. Bank shall not be liable to Client where notice is received after such sixty (60) day period unless specified in a Local Schedule. Client shall not make a claim against Bank or refuse to pay any amount because Client or the person using the Card may have a dispute with any merchant.
- G. Provide any required notification or obtain authorization under applicable privacy or data protection legislation.
- H. Unless previously provided to Bank, obtain and provide to Bank such information as Bank may reasonably request, for the purposes of investigating the identity of an actual or prospective Cardholder or Client or the identity or financial condition of Client, evidencing authority for Card issuance requests, and assisting in any review of Bank by a regulator with relevant jurisdiction. Any information provided by Client to Bank shall be, to the best of Client's knowledge, information and belief, accurate and complete in all material respects.
- I. Make payments for all Transactions posted to Accounts no later than the payment date (the "**Payment Date**"), as specified in the periodic statement. In the event that Client makes payments other than as contemplated by the periodic statement, Bank may require, and Client shall provide, such documentation as reasonably required by Bank to reconcile such payments to the amounts stated as due in the periodic statement by the Payment Date. Any amount due which is not received by the Payment Date shall be subject to the late fees as set out in Exhibit 1 to the Master Terms. If collection is initiated by Bank, Client shall be liable for payment of Bank's reasonable attorneys' fees and other costs and expenses of collection.
- J. In the case of Corporate Liability Programs, be solely liable for all Transactions and Client's obligations shall be enforceable regardless of the validity or enforceability of a Cardholder's obligations. In the case of any Joint and Several Liability Account, Client shall pay Bank, within ten (10) days of written notice, for any Transactions not paid by a Cardholder within one hundred and twenty (120) days of the first billing in respect of the relevant Transaction.
- K. Unless otherwise provided to Bank, provide Bank with such financial statements and other related information annually, or as otherwise requested by Bank in form and in such detail as Bank may reasonably request.

- L. Use commercially reasonable efforts to ensure that such applicants to whom it requests Bank to issue Cards and whom Client authorizes to use the Cards are not identified on a prohibited government sanctions list, or otherwise subject to a sanctions program applicable to Client.

#### **4. Credit Limits and Certain Bank Rights**

- A. Bank may establish a Credit Limit and Cardholder Credit Limit and may establish other limits from time-to-time. The establishment of a limit does not prevent such limit from being exceeded and, subject to the Master Agreement, Client is responsible for all amounts including such amounts that exceed a limit.
- B. Bank may at any time: (i) increase or decrease any Credit Limit or the Cardholder Credit Limit or any other limit in connection with any Card or any Account or the Program; (ii) refuse to authorize Transactions; (iii) vary the payment terms, or require the provision of security or additional security; (iv) suspend or terminate any Card or any Account; (v) decline to open any Account; or issue any Card or (vi) require MCC authorization restrictions in connection with a Program; (vii) apply or offset any credit balance hereunder to the payment when due of any amount owing under this Master Agreement; (viii) offset any obligation of Client to Bank under this Master Agreement or otherwise against any obligation Bank owes to Client.

#### **5. System Access**

- A. Bank shall provide Client with password-protected access to Systems through use of an Access Code. Bank shall assign an initial Access Code to the Program Administrator who shall create and disseminate Access Codes to Authorized Users.
- B. Client shall adhere to security procedures, terms and conditions provided by Bank regarding the System as set forth herein. Client agrees that any access, Transaction or business conducted using an Access Code is presumed by Bank to have been in Client's name for Client's benefit.
- C. Except for unauthorized use by a Bank employee, Client is solely responsible for the genuineness and accuracy of all instructions, messages and other communications received by Bank via the System. Bank may rely and act upon all instructions and messages which are issued with Access Codes, without making any further verification or inquiry.
- D. Bank is authorized to rely upon any written instruction that designates an Authorized Signer until the authority of any such Authorized Signer is revoked by Client by written instruction to Bank, and Bank has reasonable opportunity to act on such instruction.
- E. From time to time, Bank may suspend the System when Bank considers it necessary to do so (including, without limitation, for maintenance or security purposes). Bank will use reasonable efforts to provide Client with notice prior to the suspension.

#### **6. Representations and Warranties**

Each Party represents, warrants and covenants that it will comply with Applicable Laws in connection with the performance of its obligations under the Master Agreement. Each Party represents and warrants that this Master Agreement constitutes a legal, valid and binding obligation enforceable in accordance with its terms, and that execution and performance of the Master Agreement: (A) does not breach any agreement of such Party with any third party, (B) does not violate any law, rule, or regulation, or any duty arising in law or equity applicable to it, (C) are within its organizational powers, and (D) has been authorized by all necessary organizational action of such Party and validly executed by a person(s) authorized to act on behalf of such Party. Client also represents, warrants and covenants that it will use its commercially reasonable efforts to ensure that the Accounts and the Cards shall only be used for Client's business purposes. Client also represents and warrants that it will use commercially reasonable efforts to ensure that such applicants to whom it requests Bank to issue Cards to and whom Client authorizes to use the Cards/Accounts are not identified on a prohibited government sanctions list, are not located or resident in a sanctioned country, or otherwise subject to a sanctions program applicable to Client. Bank reserves the right to terminate the Master Agreement and/or cancel any of the Accounts at any time if Bank determines that a Card has been issued to a person residing in a sanctioned jurisdiction or where the Cardholder's name, or the name of an individual authorized to use a Card/Account, appears on a government sanctions list applicable to Client or Bank. EXCEPT AS SET FORTH IN THIS MASTER AGREEMENT OR IN ANY LOCAL SCHEDULE, NEITHER PARTY MAKES ANY OTHER REPRESENTATIONS AND WARRANTIES WHETHER EXPRESS OR IMPLIED INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

#### **7. Fees and Charges**

Bank may change the fees and charges payable by Client at any time, provided that Bank notifies Client at least thirty (30) days prior to the effective date of the change or such other period as is specified in the applicable Local Schedule. Bank's periodic statements represent the official record of amounts due and owing by Client to Bank regardless of the method(s) by which Client elects to receive invoice information from Bank (e.g., in electronic form, mappers or other methods). Client acknowledges that it has an obligation to verify and reconcile its payment obligations to Bank's periodic statements. Client and Bank agree that all periodic statements shall be sent or made available electronically unless otherwise agreed to in writing. Client specifically agrees to the delivery and receipt of or access to such electronic periodic statements.

#### **8. Term and Termination**

- A. This Master Agreement shall commence as of the Effective Date and continue in full force and effect for a period of [\_\_\_\_\_] ( ) years unless otherwise terminated in accordance with the terms of this Section 8. Thereafter this Master Agreement shall automatically renew for successive one-year terms unless earlier terminated as set forth herein.
- B. Either Party may terminate this Master Agreement for any or no reason upon sixty (60) days prior written notice to the other Party.

- C. Either Party may terminate this Master Agreement immediately upon the occurrence of one or more of the following events: (i) the other Party's violation of Applicable Law, (ii) the liquidation, insolvency or dissolution of the other Party, (iii) the voluntary or involuntary filing of bankruptcy proceedings or similar proceedings with respect to the business of the other Party, or (iv) with the exception of a payment obligation, a Party's breach of a material obligation under this Master Agreement that is not cured within thirty (30) days following receipt of notice of the breach from the non-breaching Party.
- D. In addition, Bank may immediately (a) terminate this Master Agreement, (b) terminate one or more services provided for in this Master Agreement, and/or (c) terminate one or more Cards upon the occurrence of one or more of the following events: (i) Client fails to remit any payment in accordance with the terms of this Master Agreement, (ii) there is a default by Client or its parent, subsidiary or affiliate in the payment of any debt owed to Bank or a Bank-related entity under any other agreement, (iii) there is a material adverse change in the business, operations or financial condition of Client, or (iv) any representation or warranty made by the Client or any financial statement or certificate furnished to Bank, shall prove to be inaccurate, false or misleading in any material respect when made.
- E. This Master Agreement shall terminate immediately upon the termination of all Accounts issued pursuant to this Master Agreement.
- F. In the event of termination of this Master Agreement by Bank in accordance with Section 8.C or Section 8.D above, Client shall immediately pay all amounts owing under the Agreement, without set-off or deduction.
- G. In the event of termination of the Master Agreement for any reason other than by Bank in accordance with Section 8.C or 8.D above, Client shall pay all amounts due and owing under this Master Agreement in accordance with the settlement terms of the Program, without set-off or deduction.
- H. Upon termination of this Master Agreement for any reason, Client shall promptly destroy all physical Cards furnished to Cardholders.
- I. Client (upon notice to Bank) may suspend or terminate any Account or any Card under any Account at any time and for any reason.
- J. Sections 3, 4, 5, 6, 8.D, 9, 10, and 11 of this Master Agreement shall survive the termination of the Master Agreement or any Local Schedule Notwithstanding anything to the contrary contained in this Section 8, the provisions of this Master Agreement shall remain in effect until all Cards and Accounts have been cancelled.

## 9. Limitation of Liability

- A. Bank shall be liable only for Client's actual damages which Client suffers or incurs as a direct result of Bank's negligence or willful misconduct and shall not be liable for any other loss or damage of any nature.
- B. TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY EXEMPLARY, PUNITIVE, SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR THE LIKE, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, EACH OF WHICH ARE EXPRESSLY EXCLUDED BY AGREEMENT OF THE PARTIES HEREIN REGARDLESS OF WHETHER SUCH DAMAGES WERE REASONABLY FORESEEABLE AND WHETHER EITHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

## 10. Confidentiality

Except as expressly provided in this Master Agreement, all information furnished by either Party in connection with this Master Agreement, the Program or Transactions shall be kept confidential. The foregoing obligation shall not apply to information that: (A) is already lawfully known when received without an obligation of confidentiality other than under this Master Agreement, (B) is or becomes lawfully obtainable from other sources who are not under a duty of confidentiality, (C) is in the public domain when received or thereafter enters the public domain through no breach of this Section; (D) is developed independently by the receiving Party without use of the disclosing Party's confidential information; (E) is in an aggregate form non-attributable to the disclosing Party; (F) is required to be disclosed to, or in any document filed with, the U.S. Securities and Exchange Commission (or any analogous body or any registrar of companies or other organizations in any relevant jurisdiction), banking regulator, or any other governmental agencies, (G) is required by Applicable Law to be disclosed and notice of such disclosure is given (when legally permissible) to the disclosing Party, or (H) may be disclosed as provided in the Cardholder Agreement or other Cardholder-related documentation. Notice under (G), when practicable, shall be given sufficiently in advance of the disclosure to permit the other Party to take legal action to prevent disclosure. Bank may exchange (and Client insofar as necessary hereby consents to such exchange) Client and (to the extent authorized) Cardholder confidential information with Affiliates. Bank may also disclose confidential information to service providers in connection with Bank's provision of Program services; provided, that the service providers comply with the terms of this Section 10.

## 11. Miscellaneous

- A. Except as otherwise mutually agreed, neither Party shall use the Marks of the other Party without its prior written consent. If Client elects to have its Marks embossed on the Cards or provide them to Bank for other uses, Client hereby grants Bank a non-exclusive limited license to use the Marks for the foregoing purposes.
- B. If any provision of this Master Agreement is found by an arbitrator or court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the Parties set forth in this Master Agreement. The failure of either Party hereto to enforce any right or pursue any remedy hereunder shall not be construed to be a waiver thereof.
- C. Bank and Client will at all times be independent contractors. In furtherance of the Parties' mutual interests in this Master Agreement, no third party will be deemed an intended or unintended beneficiary of this Master Agreement. This Master Agreement is enforceable only between the Parties hereto and shall not be subject to any actual or implied right or obligations of, or commitment to, any third party without the prior written consent of Bank.

- D. In the regular course of business, Bank may monitor, record and retain telephone conversations made or initiated to or by Bank from or to Client or Cardholders.
- E. This Master Agreement shall be binding upon and inure to the benefit of Client and Bank and their respective successors and permitted assigns. This Master Agreement, or any of the rights or obligations hereunder, may not be assigned by Client without the prior written consent of Bank.
- F. This Master Agreement constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior or contemporaneous proposals, understandings, representations, negotiations, and agreements of any kind, whether written, oral, expressed or implied, relating to the subject matter thereof. This Master Agreement may be amended or waived, subject to Applicable Law, only by notice to Client in writing from Bank.
- G. This Master Agreement may be signed in one or more counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same document. Facsimile signatures shall have the same force and effect as the original.
- H. If applicable, to the extent that Client would have been able to claim sovereign immunity in any action, claim, suit or proceeding brought by Bank, Client irrevocably waives and agrees not to claim such immunity.
- I. Unless Client provides Bank with a valid applicable exemption certificate or other proof of exemption, Client will pay or reimburse Bank upon demand for any taxes, levies, imposts, deductions, charges, stamp, transaction and other duties and withholdings (together with any related interest, penalties, fines, and expenses) in connection with the Master Agreement, any Account or any Transactions, except if imposed on the overall net income of Bank. If a Tax Deduction is required by law, the amount of the payment due to Bank from Client will be increased to an amount which (after making the Tax Deduction) leaves an amount equal to the payment which would have been due to Bank if no Tax Deduction had been required.
- J. Neither Bank nor Client shall be liable for any loss or damage to the other for its failure to perform or delay in the performance of its obligations under this Master Agreement, if such non-performance or delay is caused directly or indirectly by an act of God, act of governmental authority, de jure or de facto, legal constraint, war, terrorism, catastrophe, fire, flood or electrical, computer, mechanical or telecommunications failure, or failure of any agent or correspondent, or unavailability of a payment system, or other natural disaster or any cause beyond its reasonable control.
- K. Any disputes between the Parties hereto concerning this Master Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to choice of law provisions thereof. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING OUT OF, BY REASON OF, OR RELATING TO THIS AGREEMENT, THE INTERPRETATION THEREOF OR TO ANY TRANSACTIONS HEREUNDER. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE PARTIES.
- L. Client acknowledges that Bank prohibits the use of Cards under any Accounts to conduct transactions (including, without limitation, the acceptance or receipt of credit or other receipt of funds through an electronic funds transfer, or by check, draft or similar instrument, or the proceeds of any of the foregoing) that are related, directly or indirectly, to unlawful internet gambling. The term "unlawful internet gambling," as used here, shall have the meaning as set forth in 12 C.F.R. Section 233.2(bb).
- M. All notices and other communications required or permitted to be given under this Master Agreement shall be in writing except as otherwise provided herein, and shall be effective on the date on which such notice is actually received by the Party to which it is addressed. All notices shall be sent to the address set forth below or such other address as specified in a written form from one Party to the other.

To Bank:

JPMorgan Chase Bank, N.A.  
 10 S. Dearborn Street  
 Mail Code IL1-0286  
 Chicago, IL 60603-2300  
 UNITED STATES  
 Attn: Commercial Card Legal

To Client:

[ \_\_\_\_\_ ]  
 [ \_\_\_\_\_ ]  
 [ \_\_\_\_\_ ]  
 Attn: [ \_\_\_\_\_ ]

- N. If any credit arises on an Account in respect of a Card (for example as a result of a duplicate payment, merchant refund or refund for a disputed transaction), Bank will apply the credit to offset any amount owed to Bank, either then or at any later time, under this Master Agreement. Bank may at its option pay it to the relevant Cardholder or Client using any method chosen by Bank.

REMAINDER OF PAGE INTENTIONALLY BLANK. SIGNATURES ON FOLLOWING PAGE

**IN WITNESS WHEREOF**, the Parties have caused this Master Agreement to be executed by their duly authorized representatives as of the Effective Date.

**JPMORGAN CHASE BANK, N.A.**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**Client Authorization:** The undersigned is an officer, member, manager, director, managing partner, or general partner (or person authorized to represent the foregoing), as applicable, of Client, authorized to bind Client to enter into and to perform its obligations under this Master Agreement. The undersigned certifies to Bank that the governing body of Client has adopted resolutions or other appropriate and binding measures authorizing Client to enter into and perform its obligations under this Master Agreement and that those resolutions or other appropriate and binding measures were: (a) adopted in accordance with, as applicable, all requirements of law and Client's organizational or constituent documents, (b) have been entered into the minute books or company records of Client, and (c) are now in full force and effect. Client shall provide to Bank immediately upon demand conclusive evidence of the authorizations described above.

**CLIENT**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Note: The legal name of any member, managing member or general partner who is signing but is not an individual person must appear in the signature block.

**Client Attestation:** The undersigned officer, member, manager, director, managing partner, or general partner (or person authorized to represent the foregoing) of Client, hereby certifies that the individual signing above on behalf of Client has been duly authorized to bind Client and to enter into and perform its obligations under this Master Agreement and that the person signing above on behalf of Client, whose execution of this Master Agreement was witnessed by the undersigned, is an officer, member, manager, director, managing partner, or general partner (or person authorized to represent the foregoing) of Client possessing authority to execute this Master Agreement. Client shall provide to Bank immediately upon demand conclusive evidence of the authorizations described above.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Note: The person signing the attestation shall be someone different from the person signing above on behalf of Client.

# LOCAL SCHEDULE FOR THE UNITED STATES

This Local Schedule for the United States (“**U.S. Schedule**”) sets forth the terms and conditions that will apply to Bank’s establishment of Accounts in the name of Client and/or one or more Client Affiliates and issuance of Cards to its and their respective employees and authorized representatives in the United States. This U.S. Schedule is made a part of and incorporated into the Master Terms as though fully set forth therein. If a provision of this U.S. Schedule conflicts with the Master Terms, the provision of this U.S. Schedule will prevail.

## I. Overview

Bank shall issue Cards under the Program in the United States (“**U.S. Program**”) in United States Dollars, and Client may participate in the U.S. Program subject to the terms of this U.S. Schedule.

## II. Definitions

Capitalized terms used but not defined in this U.S. Schedule will have the meanings given to them in the Master Terms. For purposes of this U.S. Schedule, the following terms shall be defined as set forth below:

**Business Day** means a day on which Bank and Federal Reserve Banks are open for business.

**International Transaction** means any Transaction that is made in a currency other than U.S. dollars or is made in U.S. dollars outside of the United States of America.

## III. Certain Additional Terms

Client represents and warrants that the Cards and Accounts to be issued and established under this U.S. Schedule are substitutes for accepted cards and accounts, or will be sought and issued only in response to written requests or applications for such Cards or Accounts. Client shall retain such applications (paper or electronic) for any Card when such application is not provided to Bank, for a period of twenty-five (25) months after the application has been received and acted upon.

## IV. Fees and Incentives

The fees and charges and incentives (if any) related to this U.S. Schedule are set forth on **Exhibit 1 to the Master Terms**.

## V. Notices

All notices and other communications required or permitted to be given under this U.S. Schedule shall be in writing, except as otherwise provided herein, and shall be effective on the date on which such notice is received by the Party to which it is addressed. All notices shall be sent to the address set forth below or such other address as specified in a written form from one Party to the other.

To Bank:

JPMorgan Chase Bank, N.A.  
10 S. Dearborn Street  
Mail Code IL1-0286  
Chicago, IL 60603-2300  
UNITED STATES  
Attn: Commercial Card Legal

To Client:

[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
Attn: [ \_\_\_\_\_ ]

## VI. International Transactions and Fees

If an International Transaction is made in a currency other than U.S. dollars, the applicable Network will convert the Transaction into U.S. dollars using its respective currency conversion procedures. The exchange rate each Network uses to convert currency is a rate that it selects either from the range of rates available in the wholesale currency markets for the applicable processing date (which rate may vary from the rate the respective entity itself receives), or the government-mandated rate in effect on the applicable processing date. The rate in effect on the applicable processing date may differ from the rate on the date when the International Transaction occurred or when the Card was used. Bank reserves the right to charge an International Transaction Fee, as specified herein. The International Transaction fee will be calculated on the U.S. dollar amount provided to Bank by the Network.

## VII. Governing Law

This U.S. Schedule and any matters arising out of or in relation to this U.S. Schedule shall be governed by and construed in accordance with the laws of the State of New York without reference to the principles of conflicts of that State.



# LOCAL SCHEDULE FOR CANADA

This Local Schedule for Canada (“**Canada Schedule**”) sets forth the terms and conditions that will apply to Bank’s establishment of Accounts in the name of Client and/or one or more of Client Affiliates and issuance of Cards to its and their respective employees and authorized representatives in Canada. This Canada Schedule is made a part of and incorporated into the Master Terms as though fully set forth therein. If a provision of this Canada Schedule conflicts with the Master Terms, the provision of this Canada Schedule will prevail.

## I. Overview

Bank shall issue Cards under the Program in Canada (“**Canada Program**”) in Canadian Dollars, and Client may participate in the Canada Program subject to the terms of this Canada Schedule.

## II. Definitions

Capitalized terms not otherwise defined in this Canada Schedule have the same defined meanings as set forth in the Master Agreement. For purposes of this Canada Schedule, the following terms shall have the following meanings:

**Business Day** means a day other than a Saturday, Sunday or legal holiday on which Bank is open for business in Toronto, Ontario.

**International Transaction** means any Transaction that is made in a currency other than Canadian dollars or is made in Canadian dollars outside of Canada.

**Schedule of Fees** means a list of the fees and finance charges that may be charged to the Accounts.

## III. Additional Client Obligations

In connection with the Program, Client: (A) shall initially provide Bank with a Card Request for the number of Cards it desires in connection with the Program; (B) confirms that it has obtained and shall obtain the written consent of any existing or proposed Cardholder to permit Bank to investigate the identity of said Cardholder by obtaining, verifying, recording, using and potentially disclosing personal identifying information and, if reasonably necessary, obtain such information from third Parties; (C) shall co-operate with Bank in all efforts to obtain and verify any personal information in respect of Cardholders required by applicable law and take all such action and provide all such information and documents as may be reasonably requested by Bank to comply with any legislation, guidance or regulation applicable to Bank.

## IV. Fees and Incentives

The fees and charges and incentives (if any) related to this Canada Schedule are set forth on **Exhibit 1 to the Master Terms**.

## V. Notices

All notices and other communications required or permitted to be given under this Canada Schedule shall be in writing except as otherwise provided herein, and shall be effective on the date on which such notice is received by the Party to which it is addressed. Notices so given shall be deemed accepted upon the earlier of (i) actual receipt by the Party to which notice is given, or (ii) on the fifth (5th) day following mailing. All notices shall be sent to the address set forth below or such other address as specified in a written form from one Party to the other.

To Bank:

J.P. Morgan Chase Bank N.A., Toronto Branch  
Suite 4500, TD Bank Tower  
66 Wellington Street West  
Toronto, ON M5K 1E7  
Canada  
Attention: Commercial Card Product Manager

To Client:

[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
Attn: [ \_\_\_\_\_ ]

## VI. Service Providers

Client acknowledges that Bank outsources various services it provides in connection with the Accounts and the Cards to Affiliates and other service providers outside of Canada. As such, Client acknowledges that personal information (including personal information of Cardholders) may be processed outside of Canada and accordingly, subject to the legal requirements applicable in such foreign jurisdictions. Bank’s ability to offer credit and perform its obligations in respect of the Cards and the Accounts will depend on the ability of its Affiliates and service providers to perform the services in respect of the Cards and the Accounts which will, in turn, be subject to the laws of the foreign jurisdictions where those Affiliates or service providers are located.

## VII. Privacy

Each of Client and Bank agrees to manage all personally identifiable information in accordance with the *Personal Information Protection and Electronic Documents Act (Canada)*. Client agrees to cooperate with Bank and to execute additional documentation and/or implement processes in relation to obtaining consents from its Employees in order to comply with the previous sentence.

## VIII. Usury Laws

If any provision of this Canada Schedule would oblige Client to make any payment of interest or other amount payable to Bank in an amount or calculated at a rate prohibited by law or would result in a receipt by Bank of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by Bank of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (A) firstly, by reducing the amount or rate of interest required to be paid to Bank under this Local Schedule; and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to Bank that would constitute interest for purposes of section 347 of the Criminal Code (Canada); but in all circumstances after taking into account and offsetting any incentive awards paid to Client. Notwithstanding the foregoing and after giving effect to all adjustments contemplated thereby, if Bank receives an amount in excess of the maximum permitted by the foregoing, then Client shall be entitled, by notice in writing to Bank, to obtain reimbursement from Bank in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by Bank to Client. Any amount or rate of interest referred to in the foregoing shall be determined in accordance with Canadian generally accepted accounting practices and principles as an effective annual rate of interest over the term of this Canada Schedule on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over the period of time.

## IX. International Transactions and Fees

If an International Transaction is made in a currency other than Canadian dollars, the Network will convert the Transaction into Canadian dollars using its currency conversion procedures. The exchange rate the Network uses to convert currency is a rate that it selects either from the range of rates available in the wholesale currency markets for the applicable processing date (which rate may vary from the rate the Network receives), or the government-mandated rate, if any, in effect on the applicable processing date. The rate in effect on the applicable processing date may differ from the rate on the date when the International Transaction occurred or when the Card was used. Bank will charge an International Transaction Fee as disclosed in the fee schedule attached hereto. The International Transaction Fee will be calculated on the Canadian dollar amount provided by the Network. The same process and charges may apply if any International Transaction is reversed. The exchange rate used by the Network may not be reflective of the exchange rate available to Client elsewhere.

## X. Complaints

In the event that Client wishes to register a complaint regarding Bank or the Program, the following escalation process shall apply:

- A. Client should contact its relationship manager or other Bank contact for the Program, as applicable.
- B. If after speaking with the relationship manager or other Bank contact for the Program, as applicable, Client believes its concern remains unresolved, Client may contact Bank's Ombudsman at the following address:

JPMC Ombudsman Office  
Attention: Deputy Ombudsman  
JPMorgan Chase Bank, N.A.  
2220 Walkley Rd, Floor 1  
Ottawa, On K1G 5L2  
Fax: 1-877-919-3589

- C. If Bank's Ombudsman is unable to resolve the concern to the satisfaction of Client within 90 days of raising the complaint with Bank's Ombudsman, Client has the right to refer its complaint to:

The Ombudsman for Banking Services and Investments  
401 Bay Street  
Suite 1505, P.O. Box 5  
Toronto, Ontario M5H 2Y4  
Toll free telephone: 1-888-451-4519  
Toll free fax: 1-888-422-2865  
Toronto area telephone: 416-287-2877  
Toronto area fax: 416-225-4722  
E-mail: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)  
Website: [www.obsi.ca](http://www.obsi.ca)

- D. If Client has a complaint regarding Bank, it may in addition file a written complaint with:

The Financial Consumer Agency of Canada  
6th Floor, Enterprise Building  
427 Laurier Avenue West  
Ottawa, ON K1R 1B9  
Website: <http://www.fcac-acfc.gc.ca/eng/>

## **XI. English Language**

Bank and Client have expressly requested that this Canada Schedule and all related documents, including the Terms and notices, be drawn up in the English language. Le Banque et le titulaire ont expressement demandes que ce contrat et tout documents y afferent, y compris tout avis, soient rediges dans la lange anglaise.

## **XII. Governing Law**

This Canada Schedule and any non-contractual obligations or matters arising out of or in relation to this Canada Schedule shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

## **XIII. Taxes**

Any amount payable under this Canadian Schedule by Client is exclusive of any value added tax or any other Tax of a similar nature which might be chargeable in connection with that amount. If any such Tax is chargeable, Client shall pay to Bank (in addition to and at the same time as paying that amount) an amount equal to the amount of that Tax.

DRAFT

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE THE DISPOSITION OF REAL PROPERTY  
 STATUS : Action Item – Consent Calendar  
 REPORT DATE : May 2, 2019  
 PREPARED BY : Missy Pieri, Engineering Manager/District Engineer

### **OBJECTIVE:**

Consider adoption of Resolution 07-2019 approving a Quitclaim Deed within the property at 6920 Auburn Boulevard, Assessor's Parcel Number 211-0870-011-0000.

### **BACKGROUND AND ANALYSIS:**

In 2016, the Auburn Boulevard Stock Ranch Commercial Center located at 6920 Auburn Boulevard (Project) completed improvements to the undeveloped portion of the property including installation of water mains, fire hydrants, and water services (for future water connections). Easements were granted to the Citrus Heights Water District (District) by California C&S Properties for the above water facilities at no cost to the District. The Grant of Easement and the District Resolution (05-2016) are included as Attachment 1.

The District recently received improvement plans from the developer for a portion of the Project, which were reviewed and approved by the Engineering Department on April 3, 2019. The improvement plans include one water service to the building in a location different than where the easement was previously granted. A Resolution (R07-2019) and Quitclaim Deed is requested to remove the Grant of Easement for this unused water service (see Attachments 2 and 3, respectively).

### **RECOMMENDATION:**

Adopt Resolution 07-2019 (approving a Quitclaim Deed within the property at 6920 Auburn Boulevard) and approve the Quitclaim Deed for said property.

### **ATTACHMENTS:**

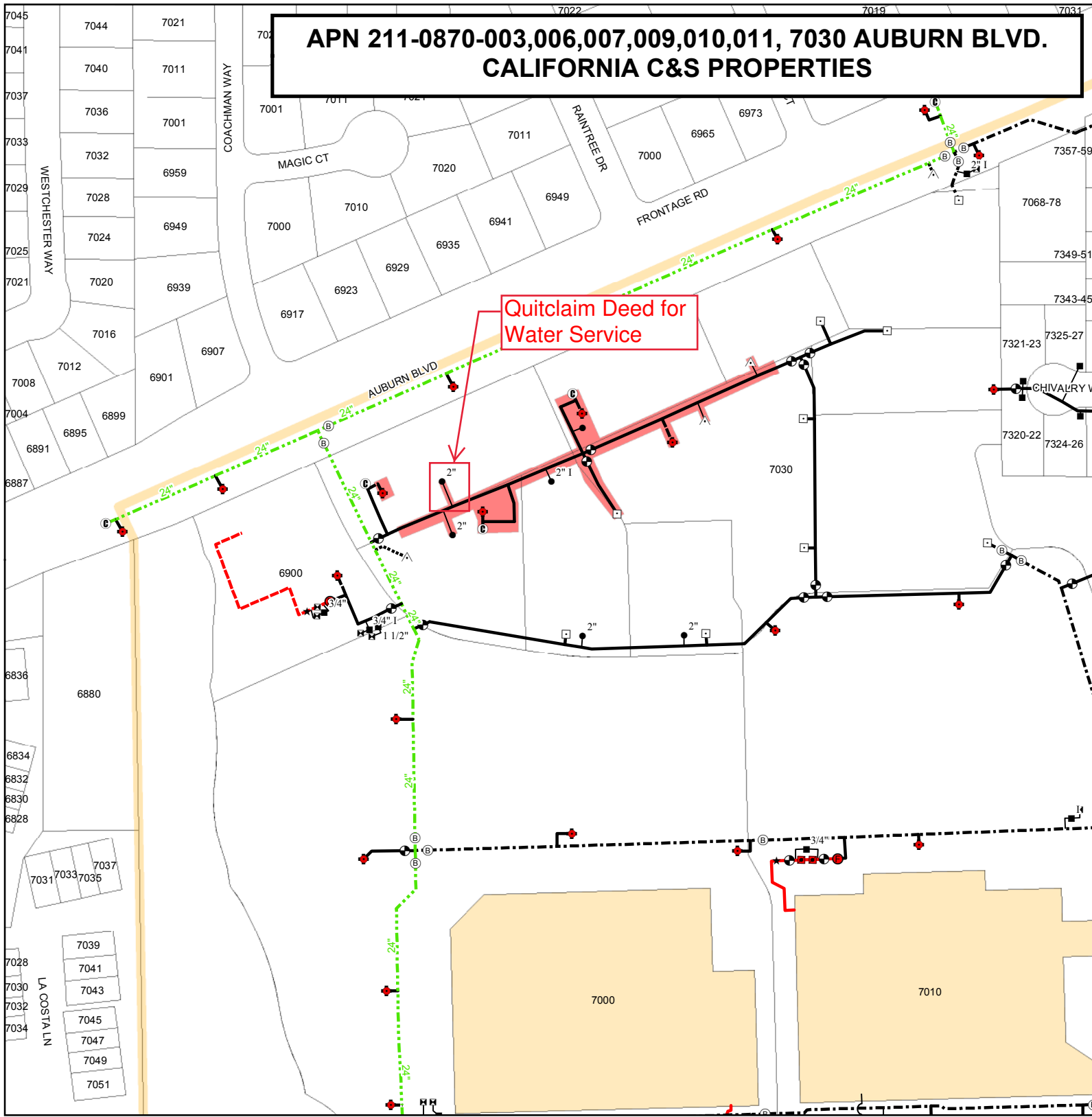
- 1) Existing Grant of Easement for Stock Ranch Commercial Center and Resolution 05-2016
- 2) Resolution 07-2019: Approving a Quitclaim Deed to California C&S Properties, LP
- 3) Quitclaim Deed APN 211-0870-011-0000, 6920 Auburn Boulevard

### **ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

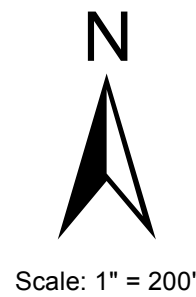
Attachment 1  
Existing Grant of Easement for Stock Ranch  
Commercial Center and  
Resolution 05-05-2016

**APN 211-0870-003,006,007,009,010,011, 7030 AUBURN BLVD.  
CALIFORNIA C&S PROPERTIES**



**Legend**

- |   |                    |   |                   |     |                      |
|---|--------------------|---|-------------------|-----|----------------------|
| ⊙ | Cap                | ⊕ | Gate              | ⋯⋯⋯ | Main, 4 Inch         |
| ◆ | Sampling Station   | ⊗ | Butterfly         | ⋯⋯⋯ | Main, 6 Inch         |
| ★ | Fire Service Point | □ | Blow-off          | —   | Main, 8 Inch         |
| ⬮ | Wharf Hydrant      | △ | Air Vacuum        | ⋯⋯⋯ | Main, 10 Inch        |
| ⊕ | Steamer Hydrant    | ● | Post Indicator    | ⋯⋯⋯ | Main, 12 Inch        |
| ⊙ | Wetstand           | ■ | Check             | —   | Service Lateral Line |
| ● | Curb Stop          | ● | Pressure Reducing |     |                      |
| ■ | Meter              | ⊠ | Backflow          |     |                      |
| ⊠ | Radio Read         | ● | Other Gate        |     |                      |







Sacramento County Recorder  
Donna Allred, Clerk/Recorder  
BOOK **20160505** PAGE **0583**

Thursday, MAY 05, 2016 10:17:49 AM  
Ttl Pd \$0.00 Rcpt # 0009064823

BAM/61/1-12

RECORDED AT THE REQUEST OF  
AND RETURN TO:

CITRUS HEIGHTS WATER DISTRICT  
P.O. BOX 286  
CITRUS HEIGHTS, CA 95611-0286

EXEMPT FROM TRANSFER TAX  
(Revenue and Taxation Code Section 11922)

NO FEE FOR RECORDING  
(Government Code Section 6103)

Space above for Recorder's use only

COUNTY APN: 211-087-003, 006, 007, 009, 010 & 011  
LOCATION: Stock Ranch Commercial Center, Auburn Boulevard Citrus Heights

GRANT OF EASEMENT  
TO  
CITRUS HEIGHTS WATER DISTRICT

CALIFORNIA C&S PROPERTIES, a California Limited Partnership, for a valuable consideration, receipt of which is hereby acknowledged, does hereby grant to CITRUS HEIGHTS WATER DISTRICT, a political subdivision of the State of California formed pursuant to Division 11 of the Water Code (the "District"), a right-of-way and non-exclusive easement to construct, reconstruct, operate, maintain and/or repair water pipelines together with any and all appurtenances appertaining thereto; together with the perpetual right of ingress thereto and egress there from for the purpose of exercising and performing all of the rights and privileges granted herein; said pipelines and appurtenances to be of such size(s) and character as the grantee may determine, on, over, across and under all that certain real property, situate in the County of Sacramento, State of California particularly described as follows:

See Exhibit A and Exhibit B attached hereto and made a part hereof.

Use of this easement by the Grantor or by the Grantor's assignees or successors in interest, which is not compatible or interferes with the District's construction, reconstruction, operation, maintenance or repair of the water pipelines and appurtenances, shall not be allowed. The District acknowledges and agrees that Grantor and Grantor's assignees or successors in interest shall, at all times, be allowed to utilize the easement as a roadway, parking area or outdoor open space, including any hardscaped or landscaped area, and shall be permitted to maintain these improvements in a manner compatible with such uses on the easement. Any other proposed use by the Grantor or by the Grantor's assignees or successors in interest shall be requested in writing and subject to written approval by the District prior to the proposed construction or use of the easement by the Grantor. The Grantor at the Grantor's sole expense shall remove in a timely manner any use not specified and acknowledged above or approved in writing by the District. Should the District find it necessary to remove any part or all of the acknowledged or approved improvements of Grantor or Grantor's assignees or successors in interest for the purpose of constructing or maintaining its water pipelines and appurtenances at any time,

pursuant to the District's rights granted herein, the District shall be liable for all costs of removal of any such roadways, parking areas or other improvements and shall be responsible for the repair and restoration of such areas to the condition such areas were in prior to District's removal of any of such improvements.

In witness thereof, Grantors have hereunto subscribed their names this 30<sup>th</sup> day of October, 2015

CALIFORNIA C&S PROPERTIES  
A California Limited Partnership

By: GO BEARS, LLC  
a California Limited Liability Company

  
\_\_\_\_\_  
John V. Stock, it's Managing Member



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

§  
§  
§

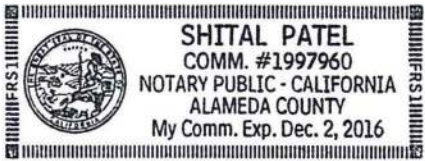
COUNTY OF Alameda

On 10/30/15 before me, Shital Patel, Notary Public, personally appeared John V. Stock, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature] (Seal)  
*Signature of Notary Public*



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**WATER EASEMENT**  
**PAGE 1 OF 3**

All that certain real property situate in the City of Citrus Heights, County of Sacramento, State of California, described as follows:

A portion of Lots 3, 6, 7, 9, 10 & 11 as said lots are shown and so designated on that certain plat entitled "Plat of Subdivision No. 02-01, Stock Ranch Commercial", recorded June 30, 2003, in Book 317 of Maps, Page 2, Sacramento County Records, more particularly described as follows:

Parcel 1

A strip of land the uniform width of fifteen (15) feet, lying five (5) feet northerly and ten (10) feet southerly of the following described line:

COMMENCING at the most northerly corner of the above referenced Lot 3; thence from the point of commencement South 70°32'59" West 29.83 feet to the POINT OF BEGINNING; thence from the Point of Beginning along a line lying two (2) feet northerly and perpendicularly distant from the northerly line of the said Lot 3 and the northerly lines of the above referenced Lots 9 and 10 the following eight (8) courses: (1) South 66°42'21" West 41.11 feet to a point hereinafter referred to as Point "A"; (2) continuing South 66°42'21" West 122.00 feet to a point hereinafter referred to as Point "B"; (3) continuing South 66°42'21" West 38.35 feet to a point hereinafter referred to as Point "C"; (4) continuing South 66°42'21" West 156.33 feet to a point hereinafter referred to as Point "D"; (5) continuing South 66°42'21" West 123.20 feet to a point hereinafter referred to as Point "E"; (6) continuing South 66°42'21" West 77.31 feet to a point hereinafter referred to as Point "F"; (7) continuing South 66°42'21" West 8.32 feet to a point hereinafter referred to as Point "G" and (8) continuing South 66°42'21" West 120.09 feet to the easterly line of that certain fifteen (15') foot wide water easement filed in Book 317 of Maps at Page 2, Sacramento County Records and the terminus of the herein described easement.

Parcel 2

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "A"; thence North 23°17'39" West 19.13 feet to the terminus of the herein described easement.

Parcel 3

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**WATER EASEMENT**  
**PAGE 2 OF 3**

BEGINNING at said Point "B"; thence South 23°17'39" East 22.53 feet to the terminus of the herein described easement.

Parcel 4

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "C"; thence South 23°17'39" East 27.53 feet to the terminus of the herein described easement.

Parcel 5

A strip of land the uniform width of seventeen (17) feet, lying five (5) feet westerly and twelve (12) feet easterly of the following described line:

BEGINNING at said Point "D"; thence North 23°17'39" West 62.06 feet to the terminus of the herein described easement.

Parcel 6

A strip of land the uniform width of fifteen (15) feet, lying five (5) feet easterly and ten (10) feet westerly of the following described line:

BEGINNING at said Point "D"; thence South 23°17'39" East 46.13 feet; thence South 34°32'39" East 77.97 feet to the terminus of the herein described easement.

Parcel 7

COMMENCING at said Point "E"; thence from the Point of Commencement South 23°17'39" East 100 feet to the POINT OF BEGINNING on the southerly line of Parcel 1; thence from said Point of Beginning South 23°17'39" East 8.53 feet; thence South 31.35 feet; thence West 33.71 feet; thence North 10.71 feet; thence North 23°17'39" West 14.16 feet to said southerly line of Parcel 1; thence along said southerly line North 66°42'21" East 39.13 feet to the POINT OF BEGINNING.

Parcel 8

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "F"; thence North 23°17'39" West 39.50 feet to the terminus of the herein described easement.

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**WATER EASEMENT**  
**PAGE 3 OF 3**

Parcel 9

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "G"; thence South 23°17'39" East 46.50 feet to the terminus of the herein described easement.

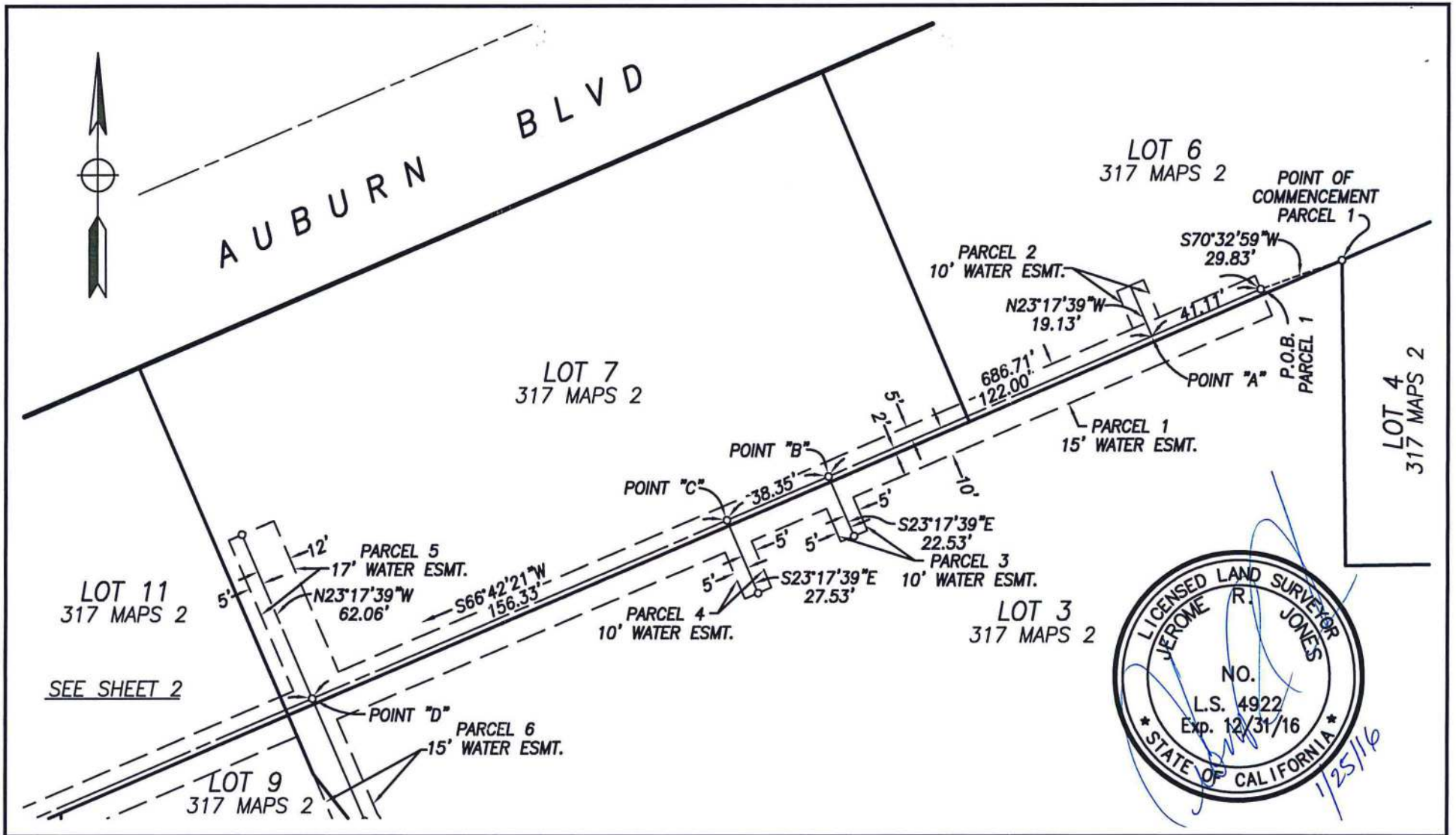
Parcel 10

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

COMMENCING at a point on the southerly line of Auburn Boulevard, a County Road, said point being the northwest corner of Lot 11; thence along said southerly line, North 66°42'21" East for a distance of 45.05 feet to the easterly line of that certain fifteen (15') foot wide water easement filed in Book 317 of Maps at Page 2, Sacramento County records; thence along said easterly line, South 23°17'45" East, 82.00 feet to Point "H", the POINT OF BEGINNING. Thence from said Point of Beginning North 66°42'15" East, 8.54 feet to the terminus of the herein described easement.

The above described Parcels are shown on Exhibit "B" attached hereto and made a part hereof.





**MORTON & PITALO, INC.**  
 CIVIL ENGINEERING • LAND PLANNING • LAND SURVEYING  
 LANDSCAPE ARCHITECTURE • TRAFFIC ENGINEERING  
 75 Iron Point Circle, Suite 120 • Folsom, CA 95630  
 phone: 916.984.7621 • fax: 916.984.9617 • survey fax: 916.563.6770  
 survey email: staking@mpengr.com • web: www.mpengr.com

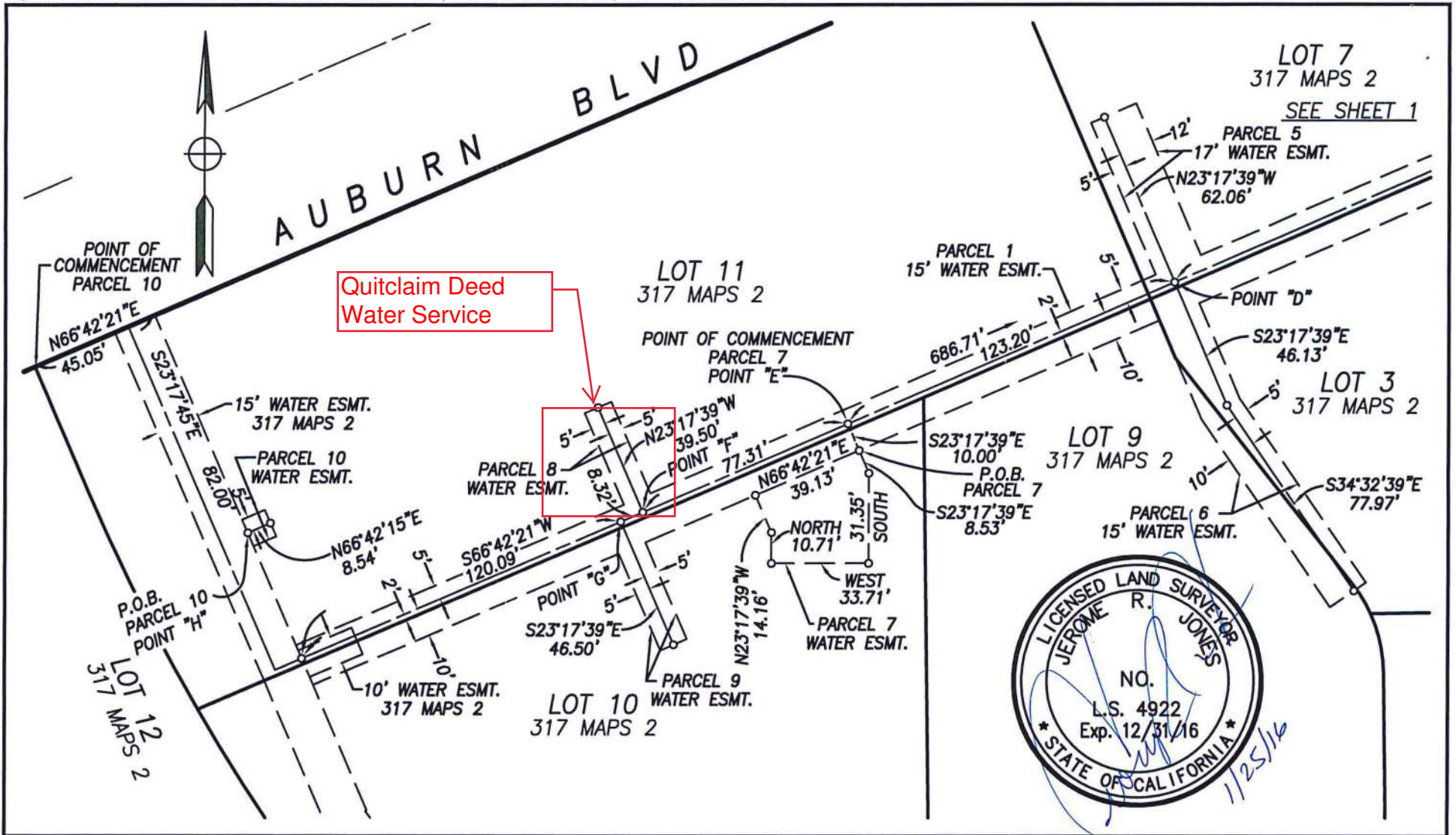
DRAWN:	CJG	JOB NO:	980178
CHECKED:	CJG	DATE:	JANUARY 2016
SCALE:	1"=50'	SHEET:	1 of 2

EXHIBIT "B"

**PLAT OF  
WATER EASEMENT  
STOCK RANCH COMMERCIAL**

CITY OF CITRUS HEIGHTS, SACRAMENTO COUNTY, CALIFORNIA





**MORTON & PITALO, INC.**  
 CIVIL ENGINEERING • LAND PLANNING • LAND SURVEYING  
 LANDSCAPE ARCHITECTURE • TRAFFIC ENGINEERING  
 75 Iron Point Circle, Suite 120 • Folsom, CA 95630  
 phone: 916.984.7621 • fax: 916.984.9617 • survey fax: 916.563.6770  
 survey email: slaking@mpengr.com • web: www.mpengr.com

DRAWN:	CJG	JOB NO:	980178
CHECKED:	CJG	DATE:	JANUARY 2016
SCALE:	1"=50'	SHEET:	2 of 2

EXHIBIT "B"

**PLAT OF  
 WATER EASEMENT  
 STOCK RANCH COMMERCIAL**

CITY OF CITRUS HEIGHTS, SACRAMENTO COUNTY, CALIFORNIA

CITRUS HEIGHTS WATER DISTRICT  
RESOLUTION NO. 05-2016

RESOLUTION OF THE BOARD OF DIRECTORS  
OF CITRUS HEIGHTS WATER DISTRICT  
ACCEPTING AN EASEMENT FROM  
CALIFORNIA C&S PROPERTIES  
FOR WATER DISTRIBUTION FACILITIES WITHIN  
STOCK RANCH COMMERCIAL CENTER  
(APN: 211-0870-003, 006, 007, 009, 010 & 011)

Whereas CALIFORNIA C&S PROPERTIES, A CALIFORNIA LIMITED PARTNERSHIP for a valuable consideration, receipt of which is hereby acknowledged, does hereby grant to CITRUS HEIGHTS WATER DISTRICT, a political subdivision of the State of California formed pursuant to Division 11 of the Water Code, a right-of-way and easement to construct, reconstruct, operate, maintain and/or repair water pipelines together with any and all appurtenances appertaining thereto; together with the perpetual right of ingress thereto and egress there from for the purpose of exercising and performing all of the rights and privileges granted herein; said pipelines and appurtenances to be of such size(s) and character as the grantee may determine, on, over, across and under all that certain real property, situate in the County of Sacramento, State of California particularly described as follows:

All that certain real property situate in the City of Citrus Heights, County of Sacramento, State of California, described as follows:

A portion of Lots 3, 6, 7, 9, 10 & 11 as said lots are shown and so designated on that certain plat entitled "Plat of Subdivision No. 02-01, Stock Ranch Commercial", recorded June 30, 2003, in Book 317 of Maps, Page 2, Sacramento County Records, more particularly described as follows:

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hereinafter referred to as Point "G" and (8) continuing South  $66^{\circ}42'21''$  West 120.09 feet to the easterly line of that certain fifteen (15') foot wide water easement filed in Book 317 of Maps at Page 2, Sacramento County Records and the terminus of the herein described easement.

Parcel 2

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "A"; thence North  $23^{\circ}17'39''$  West 19.13 feet to the terminus of the herein described easement.

Parcel 3

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "B"; thence South  $23^{\circ}17'39''$  East 22.53 feet to the terminus of the herein described easement.

Parcel 4

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "C"; thence South  $23^{\circ}17'39''$  East 27.53 feet to the terminus of the herein described easement.

Parcel 5

A strip of land the uniform width of seventeen (17) feet, lying five (5) feet westerly and twelve (12) feet easterly of the following described line:

BEGINNING at said Point "D"; thence North  $23^{\circ}17'39''$  West 62.06 feet to the terminus of the herein described easement.

Parcel 6

A strip of land the uniform width of fifteen (15) feet, lying five (5) feet easterly and ten (10) feet westerly of the following described line:

BEGINNING at said Point "D"; thence South  $23^{\circ}17'39''$  East 46.13 feet; thence South  $34^{\circ}32'39''$  East 77.97 feet to the terminus of the herein described easement.



Parcel 7

COMMENCING at said Point "E"; thence from the Point of Commencement South 23°17'39" East 10.00 feet to the POINT OF BEGINNING on the southerly line of Parcel 1; thence from said Point of Beginning South 23°17'39" East 8.53 feet; thence South 31.35 feet; thence West 33.71 feet; thence North 10.71 feet; thence North 23°17'39" West 14.16 feet to said southerly line of Parcel 1; thence along said southerly line North 66°42'21" East 39.13 feet to the POINT OF BEGINNING.

Parcel 8

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "F"; thence North 23°17'39" West 39.50 feet to the terminus of the herein described easement.

Parcel 9

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

BEGINNING at said Point "G"; thence South 23°17'39" East 46.50 feet to the terminus of the herein described easement.

Parcel 10

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

COMMENCING at a point on the southerly line of Auburn Boulevard, a County Road, said point being the northwest corner of Lot 11; thence along said southerly line, North 66°42'21" East for a distance of 45.05 feet to the easterly line of that certain fifteen (15') foot wide water easement filed in Book 317 of Maps at Page 2, Sacramento County records; thence along said easterly line, South 23°17'45" East, 82.00 feet to Point "H", the POINT OF BEGINNING. Thence from said Point of Beginning North 66°42'15" East, 8.54 feet to the terminus of the herein described easement.

NOW THEREFORE, BE IT RESOLVED that CITRUS HEIGHTS WATER DISTRICT accepts said Grant of Easement and conveyance and that a certified copy of this Resolution be provided to the County of Sacramento to be attached to and recorded with said Grant of Easement in the Office of the County Recorder of Sacramento County.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT this 8<sup>th</sup> day of March 2016 by the following vote, to wit:

AYES: Directors: Dains, Sheehan, Riehle  
NOES: Directors:  
ABSTAIN: Directors:  
ABSENT: Directors:

SEAL



ALLEN B. DAINS, President  
Board of Directors  
Citrus Heights Water District

ATTEST:

ROBERT A. CHURCHILL, Secretary  
Citrus Heights Water District

**CERTIFICATION:**

I, ROBERT A. CHURCHILL, hereby certify and acknowledge that Resolution 05-2016 was adopted by the Board of Directors of Citrus Heights Water District at a duly called and noticed regular meeting of said Board on the 8<sup>th</sup> day of March 2016.

ROBERT A. CHURCHILL, Secretary  
Citrus Heights Water District

Attachment 2  
Resolution 07-2019 Approving a  
Quitclaim Deed to California  
C&S Properties, LLC

CITRUS HEIGHTS WATER DISTRICT  
RESOLUTION NO. 07-2019

RESOLUTION OF THE BOARD OF DIRECTORS  
OF CITRUS HEIGHTS WATER DISTRICT  
APPROVING A QUITCLAIM DEED  
TO  
CALIFORNIA C&S PROPERTIES, LLC  
AT APN 211-0870-011-0000, 6920 Auburn Blvd., Citrus Heights, CA

WHEREAS, CALIFORNIA C&S PROPERTIES, a California Limited Partnership, are the owners of that certain property identified by Sacramento County Assessor's Parcel Number 211-0870-011-0000, further known as 6920 Auburn Boulevard; and

WHEREAS, CITRUS HEIGHTS WATER DISTRICT, has no interest in an easement previously granted to the District pursuant to that certain document recorded in Book 20160505, Page 583, Sacramento County Records, as described below.

NOW THEREFORE BE IT RESOLVED that, for a valuable consideration, receipt of which is hereby acknowledged, CITRUS HEIGHTS WATER DISTRICT, a political subdivision of the State of California formed pursuant to Division 11 of the Water Code, does hereby remise, release and forever QUITCLAIM to CALIFORNIA C&S PROPERTIES, a California Limited Partnership, all right, title and interest in real property in the, City of Citrus Heights, County of Sacramento, State of California, particularly described as follows:

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

COMMENCING at Point "F", as said point is designated in said document; thence from the POINT OF COMMENCEMENT North 23°17'39" West 5.00 feet to the true POINT OF BEGINNING; thence from the POINT OF BEGINNING, continuing North 23°17'39" West 34.50 feet to the northerly terminus of said Parcel 8.

BE IT FURTHER RESOLVED that a certified copy of this Resolution be provided to the County of Sacramento to be attached to and recorded with said Quitclaim Deed in the Office of the County Recorder of Sacramento County.

BE IT FURTHER RESOLVED that the General Manager is hereby authorized to execute said Quitclaim Deed on behalf of the District.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 15<sup>th</sup> day of May 2019, by the following vote, to wit:

AYES: Directors:  
NOES: Directors:  
ABSTAIN: Directors:  
ABSENT: Directors:

\_\_\_\_\_  
RAYMOND A. RIEHLE, Vice-President  
Board of Directors  
Citrus Heights Water District

ATTEST:

\_\_\_\_\_  
CHRISTOPHER CASTRUITA, Chief Board Clerk  
Citrus Heights Water District

Attachment 3  
Quitclaim Deed

APN 211-0870-011-0000, 6920 Auburn Boulevard

RECORDED AT THE REQUEST OF  
CITRUS HEIGHTS WATER DISTRICT

RETURN TO:

Citrus Heights Water District  
6230 Sylvan Road  
Citrus Heights, CA 95610

COUNTY APN: 211-0870-011  
LOCATION: 6920 Auburn Blvd.

Space above for Recorder's use only

No Fee Document - For the Benefit of the Government per Government Code 6103.  
Exempt from Documentary Transfer Tax: Reason - Bona Fide Gift R&T Code 11911.

---

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, CITRUS HEIGHTS WATER DISTRICT, formerly known as Citrus Heights Irrigation District, a political subdivision of the State of California formed pursuant to Division 11 of the Water Code, does hereby remise, release and forever QUITCLAIM all right, title and interest in real property in the City of Citrus Heights, County of Sacramento, State of California, to CALIFORNIA C&S PROPERTIES, a California Limited Partnership, a certain water easement pursuant to that certain document recorded in Book 20160505, Page 583, Sacramento County Records, particularly described as follows:

See Exhibit "A" and Exhibit "B", attached hereto and made a part hereof.

In witness thereof, Grantor has hereunto subscribed their names this \_\_\_th day of \_\_\_\_\_ 20\_\_.

SEAL

\_\_\_\_\_  
Hilary Straus  
General Manager  
Citrus Heights Water District

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California                    §  
  §  
County of \_\_\_\_\_           §

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

*Signature of Notary Public*

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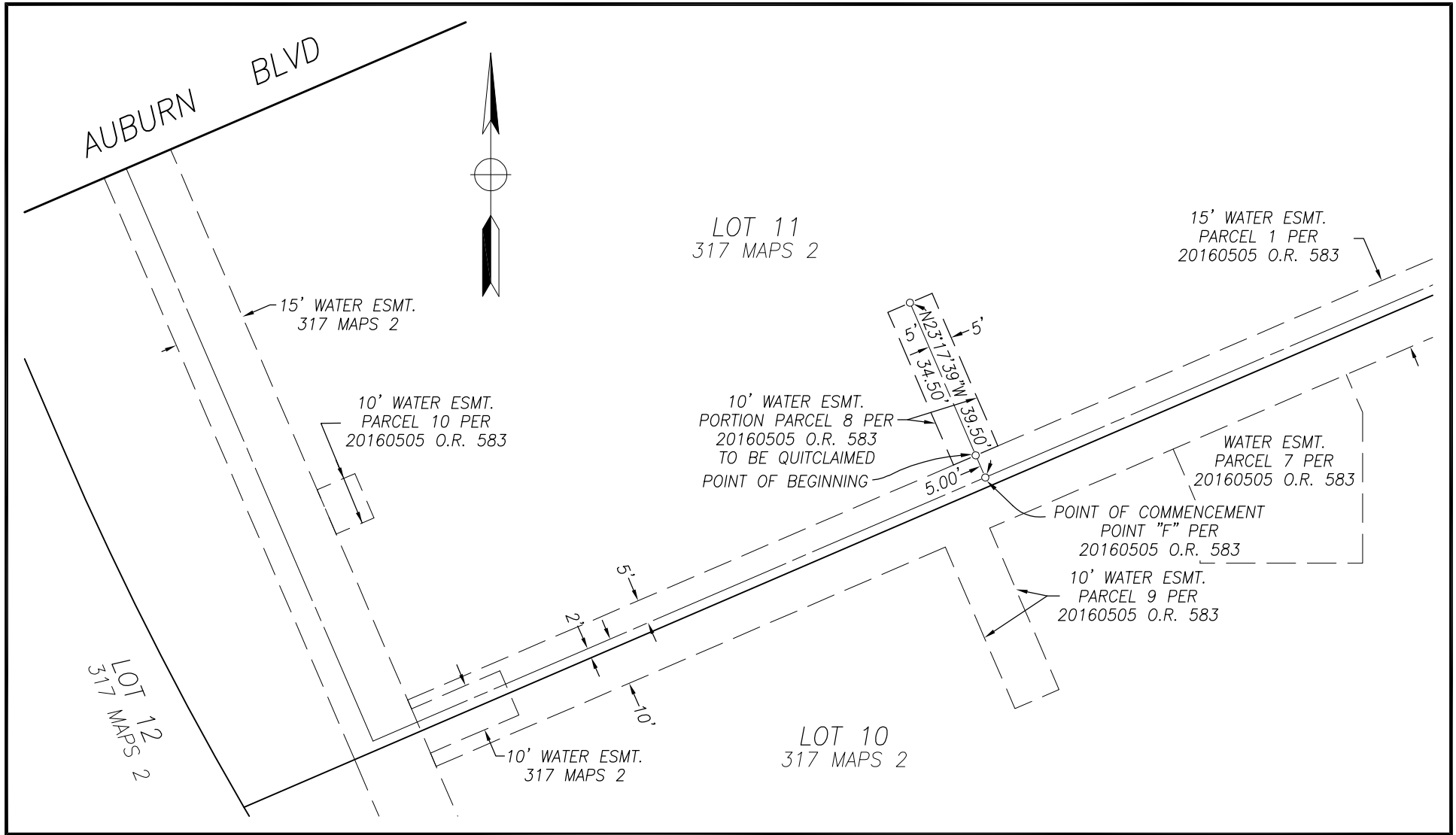
**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**QUITCLAIM**  
**PORTION OF WATER EASEMENT**  
**PER 20160505 O.R. 583**  
**PAGE 1 OF 1**

All that certain real property situate in the City of Citrus Heights, County of Sacramento, State of California, described as follows:

A portion of Parcel 8, as said parcel is described in that certain document entitled, "Grant of Easement to Citrus Heights Water District" recorded in Book 20160505, Page 583, Sacramento County Official Records, more particularly described as follows:

A strip of land the uniform width of ten (10) feet, lying five (5) feet on each side of the following described line:

COMMENCING at Point "F", as said point is designated in said document; thence from the POINT OF COMMENCEMENT North 23°17'39" West 5.00 feet to the true POINT OF BEGINNING; thence from the POINT OF BEGINNING, continuing North 23°17'39" West 34.50 feet to the northerly terminus of said Parcel 8.





**MORTON & PITALO, INC.**  
 CIVIL ENGINEERING • LAND PLANNING • LAND SURVEYING  
 LANDSCAPE ARCHITECTURE • TRAFFIC ENGINEERING

75 Iron Point Circle, Suite 120 • Folsom, CA 95630  
 phone: 916.984.7621 • fax: 916.984.9617 • survey fax: 916.563.6770  
 survey email: staking@mpengr.com • web: www.mpengr.com

DRAWN:	CJG	JOB NO:	980178
CHECKED:	CJG	DATE:	FEBRUARY 2019
SCALE:	1"=50'	SHEET:	2 of 2

EXHIBIT "B"

## QUITCLAIM

### PORTION OF WATER EASEMENT PER 20160505 O.R. 583

CITY OF CITRUS HEIGHTS, SACRAMENTO COUNTY, CALIFORNIA

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 REGULAR MEETING

SUBJECT : WATER AWARENESS POSTER CONTEST  
 STATUS : Presentation Item  
 REPORT DATE : May 2, 2019  
 PREPARED BY : Kelly R. Drake, Senior Water Efficiency Specialist  
 Christopher Castruita, Management Services Supervisor/Chief Board Clerk

### **OBJECTIVE:**

Present awards to the winners of this year's Water Efficiency Poster Contest conducted by Citrus Heights Water District (the District) and the San Juan Family of Agencies.

### **BACKGROUND AND ANALYSIS:**

The District's water efficiency staff, in conjunction with Orange Vale Water Company, Fair Oaks Water District and San Juan Water District, sponsored the twenty-third annual Water Awareness Poster Contest. A total of 387, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> grade students at six elementary schools within the District's service area submitted posters based on this year's theme, "How I Make Saving Water A Way Of Life."

Each agency awards a first-place prize of \$100.00 and two runner-up prizes of \$50.00. In addition, each winning student's class receives an award of \$100.00 for the winning entry. The winning entries will be featured in the 2020 Water Efficiency Calendar. The Grand Prize Winner is featured on the cover of the calendar and featured in the month of May, which represents Water Awareness Month. The Grand Prize Winner receives an additional \$100.00 check.

The winners for schools within the Citrus Heights Water District are:

First Place Winner: Kaylee Sy, 4<sup>th</sup> Grade, Carriage Elementary School  
 Teacher: Karen Adicoff

Runner-Up: Adriana Cruz, 6<sup>th</sup> Grade, Woodside School  
 Teacher: Susanne Slayton

Runner-Up: Jewel Semmens, 5<sup>th</sup> Grade, Trajan Elementary School  
 Teacher: Michele Horner

The contest entries in the Citrus Heights Water District service area were judged by Alison Bermudez from the City of Citrus Heights; Ilene Martzen representing the Citrus Heights Chamber of Commerce; and Virgil Anderson from the Sunrise Recreation and Park District.

The winners and their families, teachers, and friends have been invited to the CHWD Board of Directors meeting on May 15, 2019 to receive their awards and recognition for their efforts.

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

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SUBJECT : COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEARS ENDED  
DECEMBER 31, 2018 AND 2017

STATUS : Action Item

REPORT DATE : May 2, 2019

PREPARED BY : Alberto Preciado, Accounting Supervisor

---

### **OBJECTIVE:**

Consider a motion to receive and file the following:

- Citrus Heights Water District's (District) Comprehensive Annual Financial Report for the Years Ended December 31, 2018 and 2017 (Attachment 1); and
- Memorandum of Internal Controls (Attachment 2).

### **BACKGROUND AND ANALYSIS:-**

Attached for the Board's review is the District's Comprehensive Annual Financial Report (CAFR) for the years ended December 31, 2018 and 2017.

In prior years, the District had issued Basic Financial Statements (BFS), which include the Independent Auditors' Report, the Management's Discussion and Analysis, and the District's financial statements. For the second year, District staff, with the assistance of the District's auditors, Maze and Associates, prepared the District's CAFR in accordance with guidelines established by the Government Finance Officers Association (GFOA). A CAFR is dated for two fiscal periods; the main focus is the most recent fiscal year, hence its position as the first year referenced; the immediately preceding year is also included for comparative purposes. David Alvey, CPA, of Maze and Associates, will be in attendance to present the CAFR and answer questions related to the District's financial records and reporting.

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports in the interest of providing greater transparency and disclosure. Staff submitted its 2017 CAFR for consideration for the Certificate of Achievement and received the award in January 2019. Staff intends to submit the District's 2018 CAFR to the GFOA CAFR Program for consideration for the Certificate of Achievement. The additional effort required to prepare a CAFR helps to raise the District's financial statements to the next level in terms of financial reporting, transparency, and accountability.

A CAFR presentation differs from the previous financial statement reports in that it includes the following sections, in addition to the financial section:

- *Introductory Section* – introduces the basic financial statements, and provides an analytical overview of the District's activities. This expanded analysis is useful in assessing regional economic and social conditions that may impact the District's financial outlook.
- *Statistical Section* – comprises ten years of comparative statistical data that includes

information on financial trends, revenue capacity, debt capacity, socioeconomic factors, and water system resources.

Some key highlights from the 2018 CAFR include:

- Unqualified audit opinion – the District’s auditors, Maze and Associates issued an unqualified, or clean, opinion on the District’s financial statements.
- Ending net position of \$67,288,165 – the District’s net position increased by \$2.97 million over 2017.

**RECOMMENDATION:**

Receive and File the District’s Comprehensive Annual Financial Statements for the Years Ended December 31, 2018 and 2017.

**ATTACHMENTS:**

- 1) Comprehensive Annual Financial Statements for the Years Ended December 31, 2018 and 2017.
- 2) Memorandum on Internal Control and Required Communications for the Year Ended December 31, 2018.

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

---

Attachment 1  
Comprehensive Annual Financial Report  
For the Years Ended December 31, 2018 and 2017



CITRUS  
HEIGHTS  
WATER  
DISTRICT

CITRUS HEIGHTS, CA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 AND 2017

# CITRUS HEIGHTS WATER DISTRICT

CITRUS HEIGHTS, CA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEARS ENDED DECEMBER 31, 2018 AND 2017

PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT

6230 SYLVAN ROAD, CITRUS HEIGHTS, CA 95610

[WWW.CHWD.ORG](http://WWW.CHWD.ORG)



# CITRUS HEIGHTS WATER DISTRICT

## Comprehensive Annual Financial Report Years Ended December 31, 2018 and 2017

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# CITRUS HEIGHTS WATER DISTRICT

## Comprehensive Annual Financial Report Years Ended December 31, 2018 and 2017

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**CITRUS  
HEIGHTS**  

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**WATER  
DISTRICT**



# **INTRODUCTORY SECTION**



April 29, 2019

To the Board of Directors of Citrus Heights Water District

We are pleased to present the Citrus Heights Water District's ("District") second Comprehensive Annual Financial Report ("CAFR") for the fiscal year ending December 31, 2018. This report was prepared by District staff in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The CAFR provides an assessment of the District's financial condition, informs readers about District services, includes information about capital improvement projects, and discusses current initiatives within the District's Basic Financial Statements. Financial and demographic trend information is provided within the statistical section located at the end of the report. Management at the District is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. As management, we assert that, to the best of our knowledge and belief, the information and data, as presented, is accurate in all material respects, and it is presented in a manner that provides a fair representation of the financial position and operations of the District, and that we have included all disclosures that are necessary to enhance your understanding of the financial condition of the District.

The District's financial statements have been audited by Maze and Associates, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending December 31, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ending December 31, 2018, were fairly presented in conformity with GAAP. The Independent Auditors' 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 financial statements in the form of the Management's Discussion and Analysis (MD&A) Section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately after the Independent Auditors' Report.

## **Overview of the Comprehensive Annual Financial Report**

This report is presented in three sections:

- Introduction – includes this letter of transmittal, a list of principal officials and an organization chart.
- Financial Section – includes the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), the basic audited financial statements, and required supplementary information (RSI).
- Statistical Section – includes information on financial trends, revenue capacity, debt capacity, demographic and economic conditions, and multi-year comparative operational data.

## Profile of Citrus Heights Water District

Citrus Heights Water District was established in 1920, as the Citrus Heights Irrigation District, encompassing slightly more than 4.7 square miles, and serving approximately 225 farms. The District currently serves water to a population of approximately 67,000 people within an about 12 square mile service area.

Citrus Heights Water District carries out its mission with a highly-motivated and competent staff that is empowered to conduct the District’s business by placing the customers’ needs and welfare first. Each day, the District’s employees strive to carry out their work, mindful of the District’s mission, “to furnish a dependable supply of safe, quality water delivered to its customers in an efficient, responsive, and affordable manner.”

### Governance and Organizational Structure

CHWD is a special district established by the State of California. The District is governed by a three-member Board of Directors that is elected to a four-year term by voters who reside in the District’s service area. The District was staffed in 2018 by 34 full-time equivalent employees assigned to four departments: Administrative Services, Engineering, Operations, and the General Manager’s Office. The General Manager and District Counsel are appointed by, and report directly to, the Board of Directors.

### Water Supply

In 2018, the District purchased 90.52% of its water from San Juan Water District (SJWD), and delivered it to approximately 19,900 residential and commercial service connections. Additionally, the District maintains six groundwater wells and approximately 250 miles of pipeline. CHWD has been treating and delivering groundwater to customers since 1943.

### Accounting and Budget Structure

CHWD operates as an enterprise fund with a fiscal year that begins January 1 and ends on December 31. Generally accepted accounting principles (GAAP) require local governments to use a proprietary-type fund, such as an enterprise fund, to account for business-type activities similar to those found in the private sector. An enterprise fund is one in which the expenditures are supported by fees collected primarily through charging users in exchange for services. CHWD operations are supported entirely by fees collected from customers in exchange for providing water service and managing the groundwater basin.

CHWD's management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). CHWD's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management

CHWD's Board annually adopts a budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations, accountability for CHWD's enterprise operations, and capital projects. The budget is presented on the accrual basis of accounting, and is consistent with the presentation of CHWD's Comprehensive Annual Financial Report. As part of the budget process the financial model is updated annually to analyze revenue and expenses along with capital improvements. CHWD's Board adopted an accelerated payoff schedule to reduce the District's unfunded actuarial liability to the following: 20 years (other post-employment benefits) and 15 years (pension) amortizations beginning in FY2018.

### **Financial Policies**

The CHWD financial policies include many of the District's financial management practices that are used for operational and strategic decision making. These policies also allow the Board of Directors and community stakeholders to monitor how effectively the District is managing its financial responsibilities, as well as providing a means for holding the District fiscally accountable. These policies are reviewed annually to incorporate minor changes to existing policy, or major shifts in financial priorities at the discretion of the Board of Directors.

- Investment Policy – The Board has adopted an investment policy that conforms to state law, CHWD's ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Statement of Investment Policy are safety, liquidity, and then yield. Currently, funds are invested in various securities as authorized by CHWD's Investment Policy, with most of the District's funds invested in California's Local Agency Investment Fund (LAIF).
- Reserve Policies – The District has ten Reserve accounts with supported policies to balance ongoing operations to capital improvement programs. These funds are allocated to the maintenance, repair, replacement, or improvement of water system infrastructure. Adequate reserves, along with sound financial policies, provide financial flexibility to counter unanticipated expenditures or revenue fluctuations.

### **Audit and Financial Reporting**

State Law and bond covenants require CHWD to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of Maze and Associates conducted the audit of CHWD's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section. This is the fourth year of a five year engagement with Maze and Associates.

## **Risk Management**

CHWD participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the purchase of workers' compensation, liability, property, automobile, and fidelity insurance. The typical liability limits are \$5 million per incident/occurrence.

## **Economic Condition, Outlook and Major Initiatives**

CHWD is primarily a residential community, with some commercial enterprises within its boundaries. The District's service area is almost built out; therefore, the District does not anticipate a significant growth in revenue based solely upon new development. The District is forecasting a slow but steady revenue increase based on 0.5% growth per year from the demand in small infill of housing or commercial development within District boundaries.

CHWD operates as an enterprise fund, meaning the costs of providing water service and protecting groundwater resources are financed by rates and fees charged to District customers. Since the District receives no revenue from taxes, operating revenues consist primarily of water sales and bi-monthly service charges. Although water use rebounded slightly in 2018, District customers have decreased their water use significantly since 2013 in response to state-wide drought mandates. This created a gap between the amount of water customers were projected to use, and the amount they actually used, and contributed to the need for a new rate study and financial model rebuild.

CHWD and its wholesale water supplier, San Juan Water District, continue to encounter changes in operations due to new regulations. The impact of current and future regulations, and the resulting cost impact on water supply operations, are an ongoing challenge for the District. The District anticipates a 9% rate increase from its wholesale water supplier in 2019.

As of Jan 01, 2018, CHWD charges a uniform commodity rate of \$1.02 per unit and a bi-monthly fixed charge of \$74.46 for a 1-inch meter. One unit of water equals 748 gallons which means that the cost per gallon is 0.14 cents. At \$690.77 per year, the cost of water service for a typical single family home using 179,520 gallons of water annually remains a good value for CHWD's customers.

The District continues to repair and replace aging infrastructure throughout its system. During 2018, the District completed 311 service replacements, the Graham Circle Water Main replacement, and the Highland Avenue Water Main replacement, to name a few. Capital projects scheduled for 2019 total \$6.2 million.

## **Long-Term Financial Planning**

Citrus Heights Water District utilizes a number of planning strategies when considering long-term financial forecasts.

- Strategic Plan – Strategic planning involves establishing a vision for the future and a clear mission statement to provide direction and define what the organization stands for and what it has pledged to accomplish. Since 2017, CHWD has held a strategic



planning workshop for the Board of Directors, management, and community at-large members. The purpose of the workshop was to review the District's mission statement and values, and to formulate the District's values and organizational goals which emphasize our commitment to conservation, water supply, capital improvement and organizational wide support. The Strategic Plan forms the basis for the District's priority-based budgeting efforts.

- Project 2030 Water Main Replacement Plan – This plan was identified during the strategic planning process as a key strategy for engaging customers in long-range water main replacement planning efforts. The purpose of this plan is to inform customers about our challenges, and the current actions being undertaken to ensure water supply reliability, and prepare for the replacement of our aging infrastructure.
- Capital Improvement Plan – The Strategic Plan lays the groundwork for the Capital Improvement Plan, which includes project schedules and projected costs for production and water supply facilities identified in the 1999 Facilities Master Plan. The Capital Improvement Plan is a ten year forecast.
- 10-Year Finance Plan – The previous Finance Plan was completed by NBS June 2013, and includes short and long-range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over the next ten years. The plan is updated as changes in customer water use impact long-range financial projections and capital improvement and water supply plans evolve. Raftelis Financial Consultants began work on a new finance plan, which is projection for completion and to be presented to the Board in 2019.
- Annual Budget – A key component of financial planning is the District's budget, which is prepared, reviewed and adopted annually. Every summer, District staff from each department prepare a draft budget which is presented to the Board of Directors for approval prior to the beginning of the next fiscal year. The annual budget includes forecasts for revenues, operating expenditures and capital expenditures, and is formulated using a priority-based budgeting approach.

### **Awards and Acknowledgements**

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Citrus Heights Water District for its first comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the first year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished through the combined efforts of CHWD's staff, most notably Accounting Supervisor Alberto Preciado, along with support from the various departmental managers and supervisors. We appreciate the dedicated efforts and professionalism that these staff members contributed to CHWD's CAFR. We would also like to thank the members of the Board of Directors for their continued support in planning and implementing the District's fiscal policies.

Respectfully submitted,



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Hilary M. Straus  
General Manager/Secretary



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Susan K. Sohal  
Administrative Services  
Manager/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Citrus Heights Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

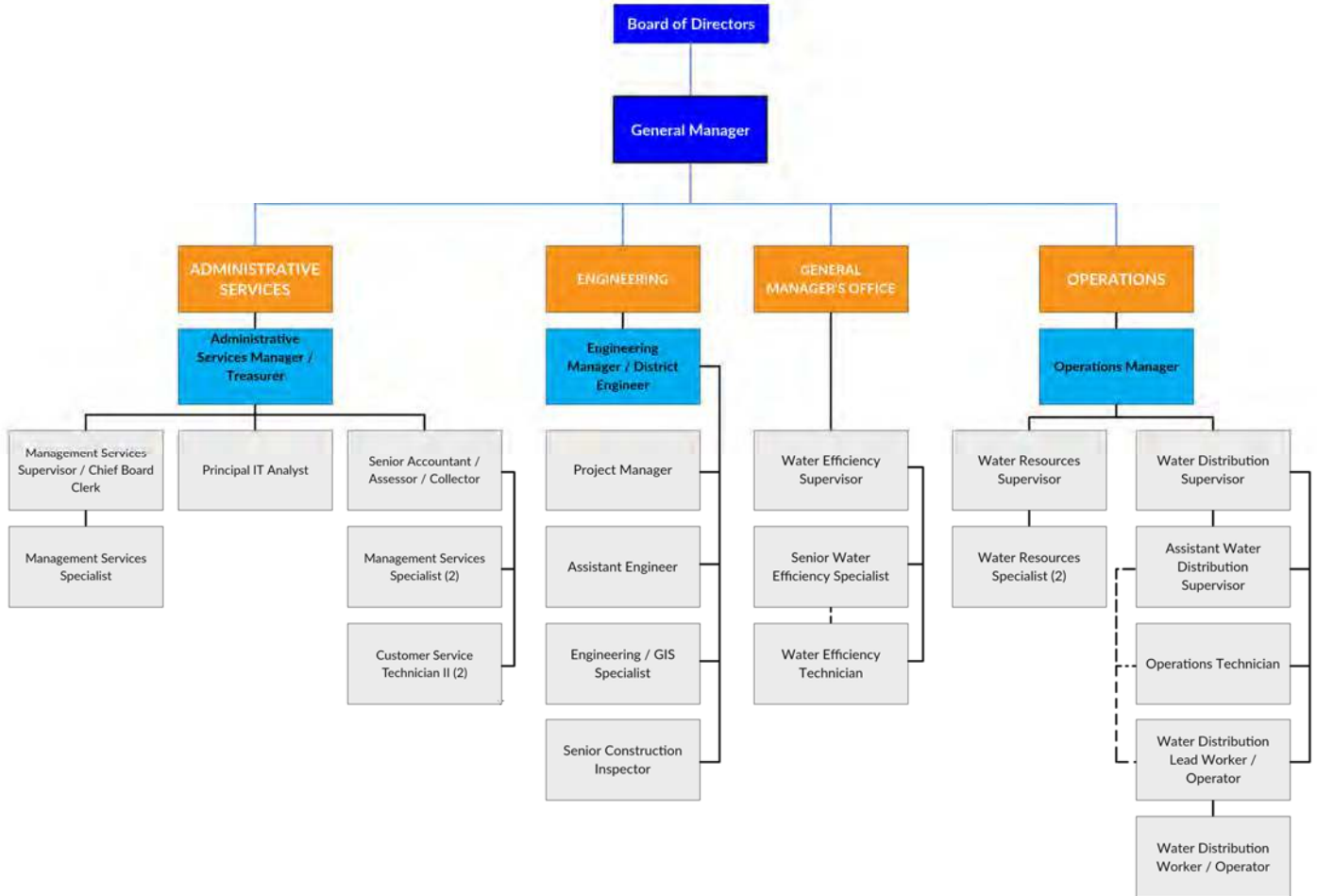
**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

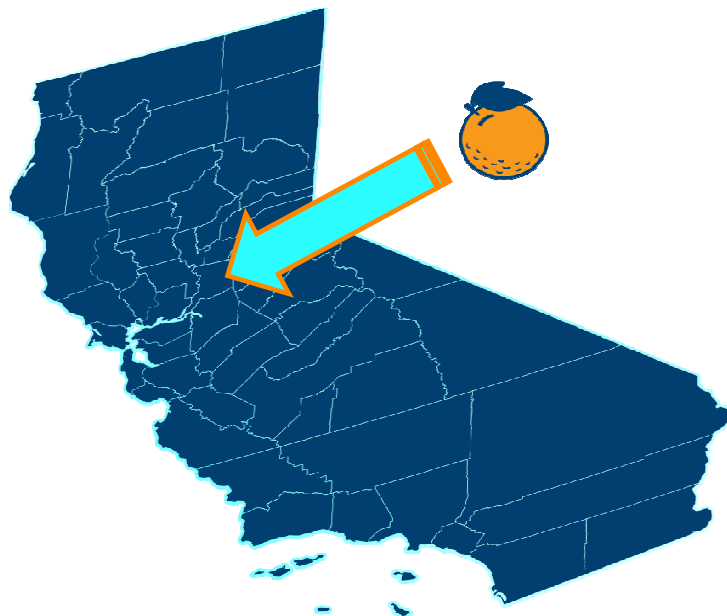
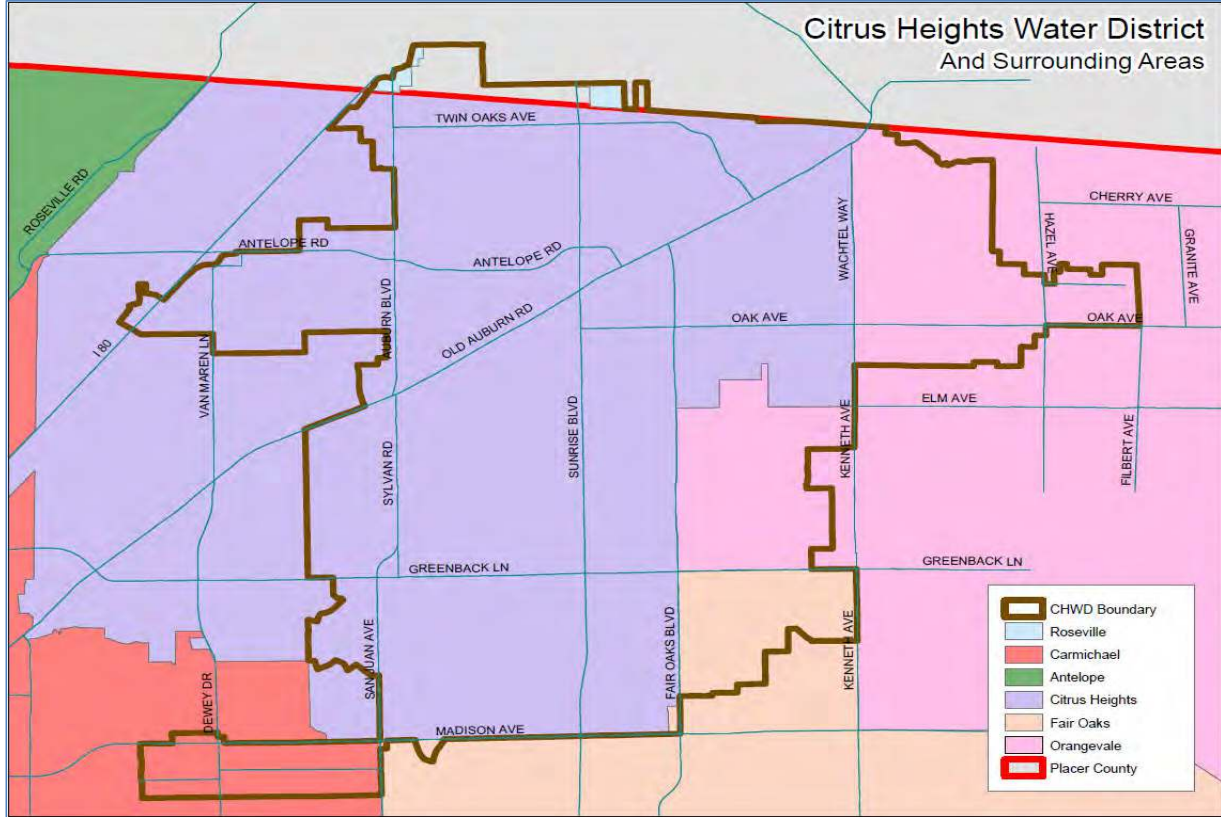


# Organizational Chart



# CITRUS HEIGHTS WATER DISTRICT

## Service Area Map with Cities Served



# CITRUS HEIGHTS WATER DISTRICT

## Board of Directors and Principal Officers

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### Board of Directors

President	Raymond A. Riehle	Division Two
Vice President	Caryl F. Sheehan	Division One
Director	Allen B. Dains	Division Three

### Executive Staff

General Manager	Hilary M. Straus
Administrative Services Manager	Susan K. Sohal
Engineering Manager	Melissa Pieri
Operations Manager	David Gordon

### Appointed Officers

Secretary	Hilary M. Straus
Treasurer	Susan K. Sohal
Assessor Collector	Alberto Preciado



# **FINANCIAL SECTION**



# INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors  
Citrus Heights Water District  
Citrus Heights, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the business-type and fiduciary fund of the Citrus Heights Water District (District), California, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### *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 the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type and fiduciary fund of the District as of December 31, 2018 and 2017, and the respective changes in its financial positions and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principles***

Management adopted the provisions of the Governmental Accounting Standards Board Statement, Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pensions*, which became effective during the year ended December 31, 2018, and required a restatement to of beginning net position as discussed in Note 6 to the financial statements.

This emphasis of matter does not constitute a modification to our opinions.

## ***Other Matters***


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

Accounting principles generally accepted in the United States of America require that 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 Statistical Section, as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Introductory and Statistical Sections have 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.

  
Pleasant Hill, California  
April 29, 2019

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CITRUS HEIGHTS WATER DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2018 and 2017

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Citrus Heights Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended December 30, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the accompanying basic financial statements and related notes, which follow this section.

### **Financial Highlights**

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during 2018 and its financial position at the close of the year 2018:

- ❖ The District's assets exceeded its liabilities at the end of year 2018 by \$67,288,165. About 82 percent of the District's net position, \$55,029,058, is composed of the capital assets of the District – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net position totaled \$11,717,632, up from \$10,882,932 at the end of year 2017. This increase is due primarily to revenue generated from water transfer sale in 2018, and also a 3 percent rate increase levied by the Board of Directors at the beginning of 2018. In fiscal year 2017, unrestricted net assets increased to \$10,347,199, up from \$6,782,716 at the end of 2016. This increase was due primarily to revenue generated from increased water sales in 2017, and also a 13 percent rate increase levied by the Board of Directors at the beginning of 2017
- ❖ Capital improvement spending in year 2018 increased by \$3.4 million as compared with 2017. Capital improvements capitalized in 2018 amounted to \$4.8 million. Capital improvement spending in year 2017 decreased by \$6.9 million as compared to year 2016.
- ❖ The District's operating revenues for 2018 were \$14,375,044. About 98 percent of operating revenues, \$14,119,865, came from water sales to customers.
- ❖ The District's total net long-term liabilities at the end of 2018, including the 2012 Revenue Refunding bonds, the 2010 Revenue Refunding Certificates of Participation, pension liability, liability for other postemployment benefits (OPEB), and compensated absences is \$8,468,101. GASB Statement No. 68 required the recording of pension liability amounting to \$4,399,273. GASB Statement No. 75 required the recording of OPEB liability in the amount of \$1,401,268. Liabilities from Bond debt service decreased by \$619,820 due to a reduction in principal on debt during 2018 resulting from debt service payments during the year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: (1) management's discussion and analysis; and (2) the financial statements, including the notes to financial statements and required supplementary information.

**CITRUS HEIGHTS WATER DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended December 31, 2018 and 2017

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The required supplementary information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) to provide more context regarding the financial statements from an appropriate operational, economic, or historical perspective.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Balance Sheet.

The Balance Sheet presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

**Balance Sheet**

The following table summarizes assets, deferred outflows, liabilities, deferred inflows, and net position at December 31, 2018, 2017, and 2016:

	2018	2017	2016	% Increase (Decrease)	
				FY18 vs FY17	FY17 vs FY16
Current assets	\$17,150,069	\$16,248,823	\$12,843,685	5.6%	26.5%
Capital assets, net	58,109,443	57,038,900	56,078,006	1.9%	1.7%
<b>Total Assets</b>	<b>75,259,512</b>	<b>73,287,723</b>	<b>68,921,691</b>	<b>2.7%</b>	<b>6.3%</b>
<b>Deferred outflows</b>	<b>2,674,857</b>	<b>1,981,897</b>	<b>764,732</b>	<b>35.0%</b>	<b>159.2%</b>
Current liabilities	1,972,121	2,031,682	1,618,896	(2.9)%	25.5%
Non-current liabilities	8,468,101	8,280,325	7,955,992	2.3%	4.1%
<b>Total Liabilities</b>	<b>10,440,222</b>	<b>10,312,007</b>	<b>9,574,888</b>	<b>1.2%</b>	<b>7.7%</b>
<b>Deferred Inflows</b>	<b>205,982</b>	<b>188,528</b>	<b>459,794</b>	<b>9.3%</b>	<b>(59.0)%</b>
<b>Net Position</b>					
Net investment in capital assets	55,029,058	53,350,420	51,801,433	2.1%	3.0%
Restricted for debt service	541,475	535,733	533,796	1.1%	0.4%
Unrestricted	11,717,632	10,882,932	7,316,512	13.2%	52.6%
<b>Total Net Position</b>	<b>\$67,288,165</b>	<b>\$64,769,085</b>	<b>\$59,651,741</b>	<b>3.9%</b>	<b>8.6%</b>

**CITRUS HEIGHTS WATER DISTRICT**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended December 31, 2018 and 2017

The total net position of the District increased from \$59.7 million in 2016 to \$64.8 million in 2017, and increased to \$67.3 million in 2018. The District's total assets increased by \$2.0 million, or 2.7%, in 2018 compared to 2017, and \$4.4 million, or 6.3%, in 2017 compared to 2016. In 2018, the total liabilities increased \$128,215, or 1.2%, compared to 2017, and in 2017, increased \$737,119, or 7.7%, compared to 2016. The increase in net position over the three-year period totals \$27.4 million or 4.62% and is the result of the combination of net income, capital contributions, and the implementation of GASB 75 which required the District to record the Net OPEB Liability.

***Changes in Net Position***

The following table summarizes the changes in net position for the fiscal years ended December 31, 2017, 2016, and 2015:

	2018	2017	2016	% Increase (Decrease)	
Operating revenues	\$14,375,044	\$14,043,049	\$12,325,057	2.4%	13.9%
Operating expenses:					
Customer service, administration and general	3,228,919	2,543,736	2,342,957	26.9%	8.6%
Water purchases	2,878,799	2,692,482	2,190,061	6.9%	22.9%
Transmission and distribution	2,142,451	1,963,750	2,114,019	9.1%	(7.1)%
Pumping & well maintenance	717,562	145,077	184,776	394.6%	(21.5)%
Water efficiency (Conservation)	563,708	189,336	212,150	197.7%	(10.8)%
Depreciation & amortization	2,388,634	2,345,281	2,203,170	1.8%	6.5%
Total operating expenses	11,920,073	9,879,662	9,247,133	20.7%	6.8%
Operating income	2,454,971	4,163,377	3,077,924	(41.0)%	35.3%
Net non-operating revenues (expenses)	302,184	898,144	(186,265)	(66.4)%	582.2%
Net income before capital contributions	2,757,155	5,061,531	2,891,659	(45.5)%	75%
Capital contributions:					
Contributed (donated) assets	213,121	55,813	896,688	281.8%	(93.8)%
Grant Revenue	-	-	715	0.0%	(100.0)%
Total capital contributions	213,121	55,813	897,403	281.8%	(93.8)%
Change in net position	2,970,276	5,117,344	3,789,062	(42.0)%	35.1%
Net position, beginning of year, as restated	64,317,889	59,651,741	55,862,679	7.8%	6.8%
Net position, end of year	\$67,288,165	\$64,769,085	\$59,651,741	3.9%	8.6%

**CITRUS HEIGHTS WATER DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2018 and 2017

Net position increased \$2,970,276, or 4.6 percent from the prior year; in 2017, net position increased \$5,117,344, or 8.6 percent from 2016. Operating revenue that exceeded operating expenses by \$2.5 million and \$4.1 million for 2018 and 2017, respectively, accounts for the majority of the increase in net position, and most of these funds were expended for the construction of capital improvements or set aside for that purpose. The receipt of \$213,121 in donated assets from private developer additions to the District's water distribution system accounted for about 7 percent of the increase in net position.

Total operating revenues increased in 2018 by \$331,995 or 2.4 percent from 2017, and in 2017 by \$1.7 million or 13.9 percent from 2016. An increase in water rates accounts for most of this increase. Water consumption by the District customers decreased in 2018 compared with consumption in 2017 by 0.3% due to increased rainfall in the winter months; consumption increased in 2017 by 8.9% over 2016 due to the relaxation of drought conservation measures.

Operating expenses increased in 2018 by \$2,040,411, or 20.7 percent from 2017, due to increases in operating costs such as the beginning of an accelerated payoff of the District's GASB 68 pension and GASB 75 OPEB unfunded liabilities, the cost of materials and supplies used to operate and maintain the District's water distribution system and groundwater production wells, including major maintenance to the Sunrise Well, and professional services for advanced planning for the Project 2030 Water Main Replacement study and the Meter Replacement program. In 2017, operating expenses increased by \$632,529, or 6.8 percent from 2016, due to increases in operating costs such as GASB 68 CalPERS unfunded liability and cost of materials and supplies used to operate and maintain the District's water distribution system and groundwater production wells

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

As of December 31, 2018, 2017 and 2016, the District's investment in capital assets, net of related debt, was \$55,029,058, \$53,350,420, and \$51,801,433, respectively, including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components), water production facilities (groundwater wells), land, buildings and both mobile and fixed equipment.

Replacement of aging pipelines and water service connections throughout the District's system continued to represent the majority of the \$4.8 million additions to the District's capital assets in 2018, the \$1.7 million additions in 2017, and the \$8.6 million additions in 2016. A number of private development projects resulted in the addition of \$213,122 in donated capital assets in 2018, and \$55,813 in 2017.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

**CITRUS HEIGHTS WATER DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2018 and 2017

***Debt Administration***

The District continues to meet its debt obligations under its 2010 Refunded Certificates of Participation (COPs) and the 2012 Revenue Refunding bonds. Through scheduled debt service payments, principal on its collective debt was reduced by \$619,820 during 2018, and by \$599,819 during 2017. The District's total debt from its COP and bond issuances now stands at approximately \$3 million.

Total compensated absences (long-term liability and current portion combined), are composed of leave hours earned by employees that are payable upon termination or retirement and are valued at \$463,089 at the end of 2018, an increase from the 2017 year-end amount of \$378,339. This increase is due to higher rates of leave due to seniority and multiple employees becoming eligible for sick leave payouts. From 2016 to 2017, compensated absences increased by \$45,259. This increase was due primarily to employee accruals of sick leave, and higher rates of vacation leave accrual due to seniority.

The liability for other post-employment benefits (OPEB) increased by \$560,741 in 2018 due to the implementation of GASB 75. The District began prefunding its OPEB liability in 2018; if it hadn't done so, the increase would have been \$1.2 million. OPEB liability increased by \$95,772 in 2017 as a result of the annual cost of these benefits exceeding the amounts currently paid for premiums.

Additional information on the District's debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

**ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS**

The District continued to exercise fiscal restraint in budgeting for District operations in 2019, with an overall increase of 7.5% percent compared with the 2018 Operating Budget. This budget includes:

- ❖ Maintaining the current level of services and programs for District customers;
- ❖ \$364,341 or 11.83% total increase in cost of treated water from San Juan Water District. The growth in costs includes the wholesale water rate increase of 9%, and an increase of projected water use, estimated to be 12,500 AF as compared to 12,000 AF in 2018.
- ❖ \$1.89 million in Professional Services, including many Strategic Planning and Special Project items, including the Project 2030 Study, Water Meter Replacement Program, ASR Study, organizational development, District policy review/updates, review of easements, annexations, website redesign and water supply agreement.
- ❖ \$376,652 increase in Salary and Benefits, which includes: Accelerated payoffs of the CalPERS pension Unfunded Actuarial Liability (UAL) and the OPEB UAL; 35% increase in the CalPERS employer contribution rate (due to factors such as the lowering of the assumed rate of return on CalPERS' portfolio); 25% increase in Health Insurance (due



**CITRUS HEIGHTS WATER DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2018 and 2017

to factors such as increased plan costs (staff is currently researching provider and plan options)); 4.5%, for merit and cost of living adjustments; and, 1.35% increase is attributable to the addition of the proposed Senior Management Services Specialist position.

- ❖ Designated Reserve transfers include: \$66,000 transfer to complete the replenishment of the Rate Stabilization Reserve to bring the fund back to its policy target of \$1 million (\$366,000 was drawn down from the fund in 2015 due to the drought), \$400,000 transfer to the Water Supply Reserve based upon projected revenue, and \$200,000 transfer to the Water Meter Replacement Reserves for accrual of funds toward Meter Replacements at the end of their useful life, projected to start in 2025.

A 2019 Operating Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's operating budget.

The District plans to rebuild its financial reserves to a level that supports a higher level of capital investment from reserves. Total capital improvement expenditures budgeted for FY2019 are about \$4.3 million compared with \$6.6 million in FY2018. This amount includes about \$400,000 in carry-over projects from prior years, and about \$3.9 million in new projects for FY2019. Installation of new fire hydrants, as well as replacements and upgrades for \$159,150, six water main replacement or installation projects, scheduled to start design, will be undertaken in 2019 with construction targeted for 2019 at a total cost of \$1.6 million. Operations equipment replacements and new equipment purchases totaling \$295,000 are planned for 2019.

A 2019 Capital Improvement Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's capital improvement budget.

A significant but declining portion of the District's budget continues to be the repayment of long-term debt financing in the form of Certificates of Participation originally issued in 2000 (refunded in 2010) and Certificates of Participation originally issued in 2003 (refunded as Revenue Refunding Bonds in 2012). The annual debt service for these two issuances is budgeted at \$610,000 for FY2019.

The District's Board of Directors levied a water rate increase designed to achieve an overall increase in water rate revenues of 5 percent for 2018. The District utilized a detailed cost-of-service and financial plan study set in place in FY2013 to determine the increase, taking into consideration the statewide water mandates, capital improvement program, and water meter reserves. The increase in revenues resulting from the FY2019 water rates will provide additional revenue to offset rising operating costs and the increasing costs of reinvestment in the District's aging water transmission and distribution infrastructure.

The District anticipates the need to consider future annual water rate increases to fund replacement of portions of the District's 250 miles of underground water mains, and to pay the continually-rising operating costs of the District, while maintaining financial reserves to comply with debt covenants and to provide funds for emergencies or catastrophic losses.

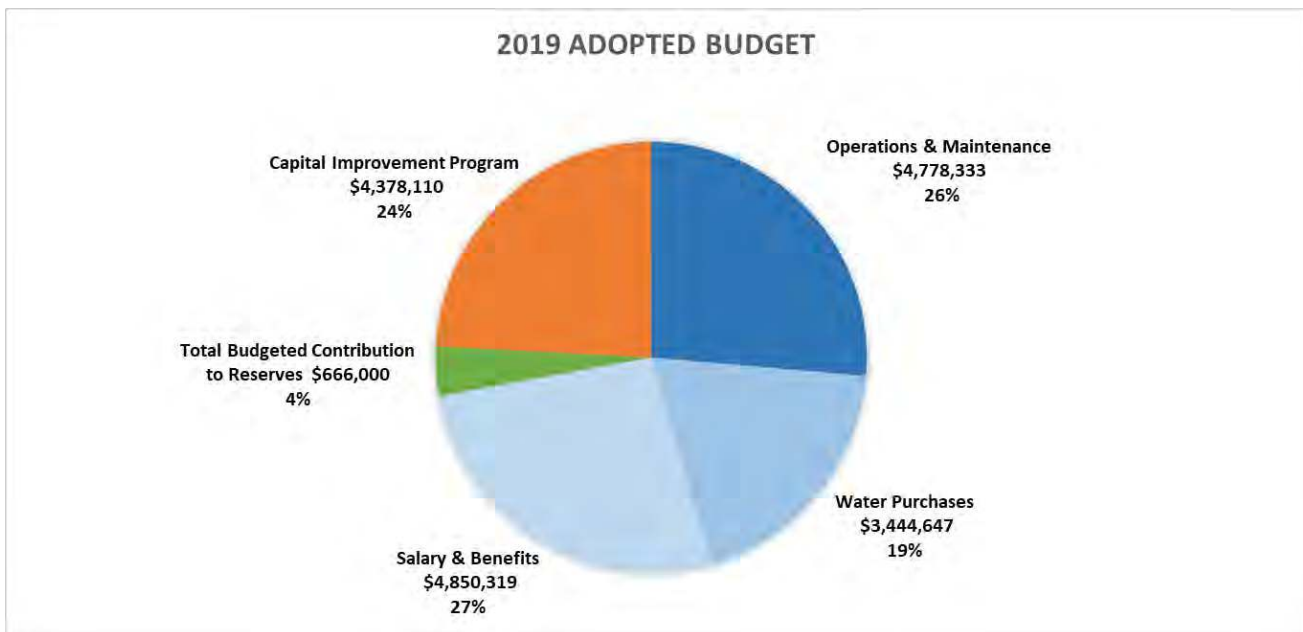
**CITRUS HEIGHTS WATER DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2018 and 2017

The financial plan adopted by the Board of Directors in FY2013 contemplates water rate increases in the 3% range every year through FY2019. However, water rates for years beyond FY2019 have not been adopted by the Board of Directors. District Staff is working with Raftelis Financial Consultants on a new financial plan, which is projected for completion and presentation to the Board in 2019.

**CITRUS HEIGHTS WATER DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended December 31, 2018 and 2017

CITRUS HEIGHTS WATER DISTRICT ADOPTED BUDGET

	2016 Actual	2017 Actual	2018 Adopted Budget	2018 Projected	2019 Adopted Budget
<b>Beginning Fund Balance</b>					<b>\$ 13,258,717</b>
<b>Revenues</b>					
<i>Rate Revenue</i>	\$ 11,608,202	\$ 13,450,282	\$ 14,260,000	\$ 14,200,000	\$ 14,910,000
<i>Collections Fees &amp; Penalties</i>	\$ 695,909	\$ 556,023	\$ 406,000	\$ 500,000	\$ 450,000
<i>Grants/ Misc</i>	\$ 1,063,413	\$ 1,258,855	\$ 161,000	\$ 400,000	\$ 150,000
<b>Total Revenue</b>	<b>\$ 13,367,524</b>	<b>\$ 15,265,160</b>	<b>\$ 14,827,000</b>	<b>\$ 15,100,000</b>	<b>\$ 15,510,000</b>
<b>Operating &amp; Maintenance Budget</b>					
<i>Operations &amp; Maintenance</i>	\$ 1,978,192	\$ 2,375,998	\$ 4,601,716	\$ 2,690,679	\$ 4,778,333
<i>Water Purchases</i>	\$ 2,190,061	\$ 2,692,482	\$ 3,080,306	\$ 3,279,886	\$ 3,444,647
<i>Salary &amp; Benefits</i>	\$ 3,071,341	\$ 3,965,555	\$ 4,473,367	\$ 4,223,039	\$ 4,850,319
<b>Total Expense</b>	<b>\$ 7,239,594</b>	<b>\$ 9,034,034</b>	<b>\$ 12,155,390</b>	<b>\$ 10,193,605</b>	<b>\$ 13,073,299</b>
<b>Net Contribution to/(Use) of Reserves</b>	<b>\$ 6,127,930</b>	<b>\$ 6,231,126</b>	<b>\$ 2,671,610</b>	<b>\$ 4,906,395</b>	<b>\$ 2,436,701</b>
<b>Contribution to Reserves Budget</b>					
<i>Total Budgeted Contribution to Reserves</i>	\$ 1,000,000	\$ 575,000	\$ 1,760,000	\$ 1,760,000	\$ 666,000
<i>Net Contribution to Capital Improvement Reserve</i>	\$ 5,127,930	\$ 5,656,126	\$ 911,610	\$ 3,146,395	\$ 1,770,701
<b>Capital Improvement Program Budget</b>					
<i>Capital Improvement Program Budget (Funded through CIP Reserve)</i>	\$ 2,090,087	\$ 3,419,838	\$ 6,204,462	\$ 2,666,192	\$ 4,378,110
<b>Ending Fund Balance</b>					<b>\$ 11,854,257</b>
<b>Fund Balance Policy Target</b>					<b>\$ 11,851,559</b>
<b>Policy Target Surplus/(Deficit)</b>					<b>\$ 2,698</b>



# BASIC FINANCIAL STATEMENTS

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CITRUS HEIGHTS WATER DISTRICT  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and investments (Note 2)	13,050,305	12,058,984
Restricted - cash and investments (Note 2)	541,475	535,733
Accounts receivable, net	2,374,296	2,432,542
Due from other governments	398,292	662,991
Accrued interest receivable	42,558	23,519
Inventory	284,027	235,467
Prepaid expenses and other deposits	459,116	299,587
	17,150,069	16,248,823
NON-CURRENT ASSETS		
Non-depreciable capital assets (Note 3)	1,408,284	2,836,183
Depreciable capital assets, net (Note 3)	56,701,159	54,202,717
	58,109,443	57,038,900
	75,259,512	73,287,723
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from refunding debt	22,839	35,889
Pension related (Note 7)	2,529,491	1,946,008
OPEB related (Note 8)	122,527	-
	2,674,857	1,981,897
	77,934,369	75,269,620
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	568,947	670,330
Retentions payable	-	76,613
Accrued payroll	92,439	65,476
Accrued interest payable	52,344	52,987
Deposits payable	384,835	374,300
Compensated absences (Note 4)	263,556	206,976
Long-term debt (Note 4)	610,000	585,000
	1,972,121	2,031,682
NON-CURRENT LIABILITIES		
Compensated absences (Note 4)	199,533	171,363
Long-term debt (Note 4)	2,468,027	3,112,847
Net pension liability (Note 7)	4,399,273	4,155,588
Net OPEB liability (Note 8)	1,401,268	-
Net OPEB obligation	-	840,527
	8,468,101	8,280,325
	10,440,222	10,312,007
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from refunding debt	25,197	26,522
Pension related (Note 7)	180,785	162,006
	205,982	188,528
NET POSITION (Note 6)		
Net investment in capital assets	55,029,058	53,350,420
Restricted for debt service	541,475	535,733
Unrestricted	11,717,632	10,882,932
	67,288,165	64,769,085
	77,934,369	75,269,620

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
Water sales	14,119,865	13,448,691
Connection and other fees	255,179	594,358
Total operating revenues	14,375,044	14,043,049
OPERATING EXPENSES		
Customer service, administration and general	3,228,919	2,543,736
Water purchases	2,878,799	2,692,482
Transmission and distribution	2,142,451	1,963,750
Pumping and well maintenance	717,562	145,077
Conservation	563,708	189,336
Depreciation and amortization	2,388,634	2,345,281
Total operating expenses	11,920,073	9,879,662
OPERATING INCOME	2,454,971	4,163,387
NONOPERATING REVENUES (EXPENSES)		
Investment income	159,437	63,531
Miscellaneous income	107,546	77,074
Groundwater transfers and sales	347,583	1,058,793
Interest expense	(147,540)	(145,911)
(Loss) gain on disposal of capital assets	(164,842)	(155,343)
Total nonoperating revenues (expenses)	302,184	898,144
Net income (loss) before capital contributions	2,757,155	5,061,531
CAPITAL CONTRIBUTIONS		
Capital contributions	213,121	55,813
Total capital contributions	213,121	55,813
CHANGES IN NET POSITION	2,970,276	5,117,344
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 6)	64,317,889	59,651,741
NET POSITION, END OF YEAR	67,288,165	64,769,085

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	14,356,677	13,668,194
Cash paid to suppliers for goods and services	(6,712,978)	(5,731,692)
Cash paid to employees for services	(3,082,301)	(2,657,612)
Cash Flows from Operating Activities	4,561,398	5,278,890
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from other non operating income	455,129	1,135,867
Cash Flows from Noncapital Financing Activities	455,129	1,135,867
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(3,410,898)	(3,405,705)
Principal payments on long-term debt	(619,820)	(599,819)
Interest payments on long-term debt	(148,183)	(150,833)
Cash Flows (used for) Capital and Related Financing Activities	(4,178,901)	(4,156,357)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	159,437	63,531
Cash Flows from Investing Activities	159,437	63,531
<b>NET CASH FLOWS</b>	997,063	2,321,931
Cash, beginning of year	12,594,717	10,272,786
Cash, end of year	13,591,780	12,594,717
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>		
Cash and cash equivalents	13,050,305	12,058,984
Restricted - cash and cash equivalents	541,475	535,733
Total cash and cash equivalents	13,591,780	12,594,717

(Continued)

CITRUS HEIGHTS WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2018	2017
Net income from operations	2,454,971	4,163,387
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,388,634	2,345,281
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	58,246	(430,440)
Inventory	(48,560)	24,170
Prepaid expenses and other assets	86,131	(676,937)
Deferred amount from refunding of debt	13,050	13,051
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(101,383)	301,614
Accrued payroll	26,963	6,175
Deposits payable	10,535	33,289
Retentions payable	(76,613)	55,585
Accrued other postemployment benefits		95,772
Compensated absences	84,750	45,259
Deferred amount from refunding of debt	(1,325)	(1,325)
Net pension liability and related deferred inflows and outflows	(321,019)	(695,991)
Total OPEB liability and related deferred inflows and outflows	(12,982)	
Net cash provided by operating activities	4,561,398	5,278,890
 SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Receipt of contributed assets	213,121	55,813

See accompanying notes to financial statements



CITRUS HEIGHTS WATER DISTRICT  
 STATEMENTS OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Investments with Trustees:		
Cash and cash equivalents (Note 2)	78,336	-
Total investments	78,336	-
TOTAL ASSETS	78,336	-
NET POSITION		
Net position held in trust for OPEB benefits	78,336	-

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
ADDITIONS		
Contributions:		
District	80,000	-
Total contributions	80,000	-
Investment income:		
Less: investment expenses	(1,664)	-
Total net investment income	(1,664)	-
Total additions	78,336	-
Change in net position	78,336	
NET POSITION		
NET POSITION, BEGINNING OF YEAR	-	-
NET POSITION, END OF YEAR	78,336	-

See accompanying notes to financial statements

# NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The District was established on October 25, 1920 as an irrigation district under Division 11 of the Act of Legislature of the State of California. The District constructs and maintains waterworks and supplies domestic water in an area of approximately 12 square miles to about 19,600 connections in Sacramento and Placer counties with an estimated population of 66,000. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the Citrus Heights Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation Fund Accounting: The basic financial statements of the Citrus Heights Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The more significant of the District's accounting policies are described below.

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When such funds are received they are recorded as unearned revenue until earned. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District, and the estimated costs are capitalized as donated pipelines.

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District reports its *Other Post-Employment Benefit Trust Fund* as a fiduciary fund. The Fund consists of the California Employers' Retiree Benefit Trust, which was established in 2018. The fundamental purpose of the trust is to fund post-employment benefits (other than pension benefits), such as medical, dental, vision, life insurance, long-term care and similar benefits.

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

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants.

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Prepays: Prepays consist primarily of insurance, maintenance agreements and other prepaid assets.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets, works for art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Useful Life
Pipeline and infrastructure	20 - 40 years
Equipment and machinery	5 - 10 years
Buildings	15 - 40 years
Well improvements	40 years
Donated pipelines	40 years
Improvements	40 years

Depreciation expense aggregated 2,369,215 and 2,334,743 for the years ended December 31, 2018 and 2017, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. It is the District’s policy to capitalize all capital assets with a cost of more than 5,000 for tangible personal property and 15,000 for infrastructure, building or improvements. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Bond Premiums and Bond Issuance Costs: Bond premiums are deferred and amortized over the lives of the bonds. Long-term liabilities are reported net of the applicable bond premiums. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Deferred Outflows: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Compensated Absences: The District’s policy allows employees to accumulate earned but unused annual leave, management leave and compensatory time-off which will be paid to employees upon separation from service to the District. The cost of annual leave, management leave and compensatory time-off is recognized in the period earned.

Upon death while employed by the District or retirement from the District, employees are paid one-third of their accumulated sick leave time. This amount is also recognized in the period earned.

New Pronouncements: Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended December 31, 2018:

GASB Statement No.75 - The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

*How the Changes in This Statement Improve Financial Reporting*

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements.
- Explanations of how and why the OPEB liability changed from year to year will improve transparency.
- The summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any.
- For employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions.

The consistency, comparability, and transparency of the information reported by employers and governmental nonemployer contributing entities about OPEB transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return
- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations.
- Immediate recognition in OPEB expense, rather than a choice of recognition periods, of the effects of changes of benefit terms
- Recognition of OPEB expense that incorporates deferred outflows of resources and deferred inflows of resources related to OPEB over a defined, closed period, rather than a choice between an open or closed period.



**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No.81 - The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

*How the Changes in This Statement Improve Financial Reporting*

This Statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission.

GASB Statement No.85 - The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB ). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and negative goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
  
- Simplifying certain aspects of the alternative measurement method for OPEB
  
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

*How the Changes in This Statement Improve Financial Reporting*

The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

GASB Statement No.86 - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

*In-Substance Defeasance of Debt Using Only Existing Resources*

Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, 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.

Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

*Prepaid Insurance Related to Extinguished Debt*

For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

**CITRUS HEIGHTS WATER DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2018 and 2017**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
 POLICIES (Continued)**

*Additional Disclosure for All In-Substance Defeasance Transactions*

One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

*How the Changes in This Statement Will Improve Accounting and Financial Reporting*

The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

	2018	2017
Cash and investments	13,050,305	12,058,984
Restricted cash and investments	541,475	535,733
Total District cash and investments	13,591,780	12,594,717
Cash and investments held with OPEB trust	78,336	-
Total Cash and Investments	13,670,116	12,594,717

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2018 and 2017**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Cash and investments as of December 31 consisted of the following:

	2018	2017
Cash on hand	850	550
Deposits with financial institutions	6,829,104	5,948,171
Total cash	6,829,954	5,948,721
Investments in Local Agency Investment Fund (LAIF)	6,220,351	6,110,263
Held by fiscal agent:		
Money market mutual fund	541,475	535,733
Held by OPEB Trust:		
Cash and investments	78,336	-
Total investments	6,840,162	6,645,996
Total cash and investments	13,670,116	12,594,717

Investment Policy: California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended December 31, 2018, the District’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Investment Program	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
Bankers Acceptances	180 days	40	30
Commercial Paper	270 days	40	10
Negotiable Certificates of Deposits	5 years	30	None
Medium Term Corporate Notes	5 years	30	None
Money Market Mutual Funds	N/A	20	10
Mortgage Pass-through Securities	5 years	20	No Limit
LAIF	N/A	None	No Limit
Passbook Deposits	45 days	None	None
Supranationals	5 years	30	None

Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

The District complied with the provisions of the California Government Code (or the District’s investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The Certificates of Participation debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Program	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposits	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

Fair Value Hierarchy: 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

<b>CITRUS HEIGHTS WATER DISTRICT</b> <b>NOTES TO BASIC FINANCIAL STATEMENTS</b> <b>For the Years Ended December 31, 2018 and 2017</b>
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<b>NOTE 2 – CASH AND INVESTMENTS (Continued)</b>
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The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2018:

	Level 1	Total
<b><i>Investments by Fair Value Level:</i></b>		
Money Market Mutual Fund	541,475	541,475
Total Investments	541,475	541,475
<b><i>Investments Measured at Amortized Cost:</i></b>		
Money Market Mutual Fund		535,431
<b><i>Cash in banks and on hand</i></b>		6,372,859
<b><i>Total Cash and Investments subject to Fair Value Hierarchy</i></b>		7,449,765
<b><i>Investments not subject to Fair Value Hierarchy</i></b>		
California Local Agency Investment Fund (LAIF)		6,220,351
Total Cash and Investments		13,670,116

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2017:

	Level 1	Total
<b><i>Investments by Fair Value Level:</i></b>		
Money Market Mutual Fund	535,733	535,733
Total Investments	535,733	535,733
<b><i>Investments Measured at Amortized Cost:</i></b>		
Money Market Mutual Fund		530,717
<b><i>Cash in banks and on hand</i></b>		5,418,004
<b><i>Total Cash and Investments subject to Fair Value Hierarchy</i></b>		6,484,454
<b><i>Investments not subject to Fair Value Hierarchy</i></b>		
California Local Agency Investment Fund (LAIF)		6,110,263
Total Cash and Investments		12,594,717

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

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

maturity, evenly over time, as necessary to provide the cash flow and liquidity needed for operations. All of the District’s investments mature in 12 months or less.

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, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2018.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		6,220,351	6,220,351
Held by bond trustee:				
Money market mutual funds	AAAm	541,475		541,475
		<u>541,475</u>	<u>6,220,351</u>	<u>6,761,826</u>

The following is a summary of the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2017.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		6,110,263	6,110,263
Held by bond trustee:				
Money market mutual funds	AAAm	535,733		535,733
		<u>535,733</u>	<u>6,110,263</u>	<u>6,645,996</u>

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities, and LAIF. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

**CITRUS HEIGHTS WATER DISTRICT**  
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**NOTE 2 – CASH AND 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, the District 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. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105 to 150 of the District's cash on deposit. All of the District's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the District's name.

Investment in LAIF: 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 District reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At December 31, 2018 and 2017, respectively, these investments matured in an average of 192 and 186 days.



**CITRUS HEIGHTS WATER DISTRICT**  
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**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2018 and 2017 are as follows:

	Balance December 31, 2017	Additions	Retirements	Transfers	Balance December 31, 2018
Capital assets not being depreciated:					
Land	955,683				955,683
Right of ways	26,080				26,080
Construction in progress	1,854,420	3,478,694	( 73,905)	( 4,832,688)	426,521
Total capital assets not being depreciated	<u>2,836,183</u>	<u>3,478,694</u>	<u>(73,905)</u>	<u>(4,832,688)</u>	<u>1,408,284</u>
Capital assets being depreciated:					
Improvements	55,847			1,023,896	1,079,743
Pipelines and infrastructure	58,878,496		(343,087)	2,258,654	60,794,063
Equipment and machinery	3,413,942			228,929	3,642,871
Buildings and improvements	2,777,938			1,111,187	3,889,125
Well improvements	7,604,268			210,022	7,814,290
Donated pipelines	17,436,126	213,122			17,649,248
Total capital assets being depreciated	<u>90,166,617</u>	<u>213,122</u>	<u>(343,087)</u>	<u>4,832,688</u>	<u>94,869,340</u>
Less accumulated depreciation for:					
Improvements	(38,657)	(2,915)			(41,572)
Pipelines and infrastructure	(20,708,602)	(1,470,040)	164,934		(22,013,708)
Equipment and machinery	(2,610,470)	(185,648)			(2,796,118)
Buildings and improvements	(882,115)	(70,371)			(952,486)
Well improvements	(1,610,611)	(190,171)			(1,800,782)
Donated pipelines	(10,113,445)	(450,070)			(10,563,515)
Total accumulated depreciation	<u>(35,963,900)</u>	<u>(2,369,215)</u>	<u>164,934</u>		<u>(38,168,181)</u>
Total capital assets being depreciated, net	<u>54,202,717</u>	<u>(2,156,093)</u>	<u>(178,153)</u>	<u>4,832,688</u>	<u>56,701,159</u>
Capital Assets, net	<u>57,038,900</u>	<u>1,322,601</u>	<u>( 252,058)</u>		<u>58,109,443</u>

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 – CAPITAL ASSETS (Continued)**

	Balance December 31, 2016	Additions	Retirements	Transfers	Balance December 31, 2017
Capital assets not being depreciated:					
Land	955,683				955,683
Right of ways	26,080				26,080
Construction in progress	144,678	3,419,838	( 13,947)	( 1,696,149)	1,854,420
Total capital assets not being depreciated	1,126,441	3,419,838	(13,947)	(1,696,149)	2,836,183
Capital assets being depreciated:					
Improvements	55,847				55,847
Pipelines and infrastructure	58,852,269		(1,355,041)	1,381,268	58,878,496
Equipment and machinery	3,185,591	9,213	(94,019)	313,157	3,413,942
Buildings and improvements	2,776,214			1,724	2,777,938
Well improvements	7,604,268				7,604,268
Donated pipelines	17,380,532	55,813	(219)		17,436,126
Total capital assets being depreciated	89,854,721	65,026	(1,449,279)	1,696,149	90,166,617
Less accumulated depreciation for:					
Improvements	(37,874)	(783)			(38,657)
Pipelines and infrastructure	(20,479,755)	(1,452,783)	1,223,936		(20,708,602)
Equipment and machinery	(2,488,814)	(171,500)	49,844		(2,610,470)
Buildings and improvements	(810,660)	(71,455)			(882,115)
Well improvements	(1,420,742)	(189,869)			(1,610,611)
Donated pipelines	(9,665,311)	(448,353)	219		(10,113,445)
Total accumulated depreciation	(34,903,156)	(2,334,743)	1,273,999		(35,963,900)
Total capital assets being depreciated, net	54,951,565	(2,269,717)	( 175,280)	1,696,149	54,202,717
Capital Assets, net	56,078,006	1,150,121	( 189,227)		57,038,900

**Capacity Entitlements:** From 1993 through 1998, the District participated with four other water agencies in a cooperative transmission pipeline project for the construction of additional transmission pipeline facilities. The District's share of these pipeline costs totaled 5,636,711. The Capacity Entitlements asset represents the capacity rights the District has purchased in the cooperative transmission pipeline project owned by San Juan Water District. The asset is being amortized over the pipeline's estimated useful life of forty years.

**NOTE 4 – LONG-TERM LIABILITIES**

Long-term liabilities consist of the following:

**2010 Certificates of Participation:** In 2010, the District issued 5,155,000 of Revenue Certificates of Participation (Certificates) with an interest rate of 4.00 . These 2010 Certificates were issued to retire the 2000 Certificates of Participation, which were issued to finance certain capital improvements to the District's water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110 of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from 450,000 to 545,000 are due on September 28 through September 28, 2020 and semi-annual interest payments, ranging from 10,900 to 59,600 are due on March 28 and September 28 through September 28, 2020.

**CITRUS HEIGHTS WATER DISTRICT**  
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**NOTE 4 – LONG-TERM LIABILITIES (Continued)**

2012 Revenue Refunding Bonds: In April 2012, the District issued 2,275,000 of Revenue Refunding Bonds with interest rates ranging from 3.00 to 5.25 . These 2012 Revenue Refunding Bonds were issued to retire the 2003 Certificates of Participation, which were issued to finance the cost of certain capital improvements to the District’s water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110 of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from 70,000 to 160,000 are due on February 1 through February 1, 2033, and semi-annual interest payments, ranging from 4,200 to 48,600 are due on February 1 and August 1, through February 1, 2033.

The activity of the District’s long-term liabilities during the years ended December 31, 2018 and 2017 was as follows:

	December 31, 2017 (as restated)	Additions	Retirements	Balance December 31, 2018	Current Portion
2010 Certificates of Participation 4 , due 9/28/20	1,575,000		( 505,000)	1,070,000	525,000
2012 Revenue Refunding Bonds 3-5.25 , due 2/1/33	1,870,000		(80,000)	1,790,000	85,000
Less: Unamortized premiums	<u>252,847</u>		<u>(34,820)</u>	<u>218,027</u>	
	3,697,847		(619,820)	3,078,027	610,000
Net pension liability	4,155,588	522,123		4,677,711	
Net OPEB liability	1,332,951	189,545	(121,228)	1,401,268	
Compensated absences	<u>378,339</u>	<u>339,346</u>	<u>(254,596)</u>	<u>463,089</u>	<u>263,556</u>
<b>Total Long-Term Liabilities</b>	<u><u>9,564,725</u></u>	<u><u>1,051,014</u></u>	<u><u>( 995,644)</u></u>	<u><u>9,620,095</u></u>	<u><u>873,556</u></u>
	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017	Current Portion
2010 Certificates of Participation 4 , due 9/28/20	2,060,000		( 485,000)	1,575,000	505,000
2012 Revenue Refunding Bonds 3-5.25 , due 2/1/33	1,950,000		(80,000)	1,870,000	80,000
Less: Unamortized premiums	<u>287,666</u>		<u>(34,819)</u>	<u>252,847</u>	
	4,297,666		(599,819)	3,697,847	585,000
Net pension liability	3,351,422	804,166		4,155,588	
Net OPEB obligation	744,755	138,000	(42,228)	840,527	
Compensated absences	<u>333,080</u>	<u>233,536</u>	<u>(188,277)</u>	<u>378,339</u>	<u>206,976</u>
<b>Total Long-Term Liabilities</b>	<u><u>8,726,923</u></u>	<u><u>1,175,702</u></u>	<u><u>( 830,324)</u></u>	<u><u>9,072,301</u></u>	<u><u>791,976</u></u>

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 4 – LONG-TERM LIABILITIES (Continued)**

The annual requirements to amortize the outstanding debt as of December 31, 2018 are as follows:

Fiscal Year Ending December 31,	2010 Certificates of Participation			2012 Revenue Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	525,000	42,800	567,800	85,000	86,138	171,138
2020	545,000	21,800	566,800	90,000	83,588	173,588
2021				95,000	79,088	174,088
2022				100,000	74,338	174,338
2023				105,000	69,338	174,338
2024-2028				585,000	278,963	863,963
2029-2033				730,000	118,913	848,913
Total	<u>1,070,000</u>	<u>64,600</u>	<u>1,134,600</u>	<u>1,790,000</u>	<u>790,363</u>	<u>2,580,363</u>

**Pledged Revenue:** The District pledged future water system revenues, net of specified expenses, to repay the 2012 Revenue Refunding Bonds in an original amount of 2,275,000. Proceeds of the Revenue Refunding Bonds were used to refund the 2003 Certificates of Participation to finance capital improvements to the District’s water system. The Revenue Refunding Bonds are payable solely from water customer net revenues, and are payable through February, 2033. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Revenue Refunding Bonds was 2,580,363 and 2,750,100 at December 31, 2018 and 2017, respectively.

The District pledged future water system revenues, net of specified expenses, to repay the 2010 Certificates of Participation in the original amount of 5,155,000. Proceeds of the Certificates of Participation funded the acquisition and construction of certain facilities, as indicated above. The Certificates of Participation are payable solely from water customer net revenues and are payable through September 2020. Annual principal and interest payments on the Certificates of Participation are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Certificates of Participation was 1,134,600 and 1,702,600 at December 31, 2018 and 2017, respectively.

Total principal and interest paid on all debt payable from net revenues was 737,738 and 740,338 and the total water system net revenues were 4,958,578 and 5,905,941 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the District’s net revenues were 672 and 798 of debt service payments, respectively.

**NOTE 5 – ARBITRAGE REBATE LIABILITY**

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all Nonpurpose Investments allocable to Gross Proceeds of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at December 31, 2018 and 2017.

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 – NET POSITION**

Restrictions: Restricted net position consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2018 and 2017 consisted of the debt service reserve on the 2010 Certificates of Participation. The restrictions represent debt service and other reserves required by the related debt covenants.

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

The designations are for the following:

Designated for rate stabilization represents the amount to be used to ensure financial and customer rate stability in responding to certain conditions.

Designated for operating reserve is maintained for operating funds collected in advance for the following year, accrued leave reserve, self-insurance reserve, unanticipated operating expenses, unanticipated economic shortfall, and unallocated funds.

Designated for depreciation reserve represents amounts set aside to replace or rehabilitate capital facilities at the end of their useful life.

Designated for capital improvement reserve represents amounts set aside for use in evaluating and constructing new capital facilities to benefit existing District customers. This reserve had a negative balance in past years due to large capital expenditures, including the meter retrofit program and well construction.

Designated for fleet equipment reserve represents amounts set aside to replace fleet equipment at the end of its useful life.

Designated for employment-related benefits reserve represents amounts set aside to pay the costs of employment-related benefits for existing and retired District employees.

Net Position Restatements: Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended December 31, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees both active employees and inactive employees are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the District to make prior period adjustments. As a result, the beginning net position at January 1, 2018 of the Business-Type Activities was restated and reduced by 451,196. See Note 8.

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

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 Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. General Information about the Pension Plans**

Plan Description and Summary of Balances by Plan – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous (all other) Employee Pension Rate Plan. The District’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as risk pools ), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors one rate plan (miscellaneous). 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.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended December 31, 2018:

	<u>Deferred Outflows of Resources</u>	<u>Net Pension Liability/ Proportionate Share of Net Pension Liability</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous	2,529,491	4,399,273	180,785

Benefits Provided CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

The Plans’ provisions and benefits in effect at December 31, 2018, are summarized as follows:

	Miscellaneous		Miscellaneous		Miscellaneous	
	Tier 1		Tier 2		PEPRA	
	Prior to January 1, 2013		Prior to January 1, 2013		On or after January 1, 2013	
Hire date						
Benefit formula	2.0	55	2.0	55	2.0	62
Benefit vesting schedule	5 years service		5 years service		5 years service	
Benefit payments	monthly for life		monthly for life		monthly for life	
Retirement age	50 - 63		50 - 63		52 - 67	
Monthly benefits, as a % of eligible compensation	1.43	to 2.42	1.43	to 2.42	1.0	to 2.5
Required employee contribution rates	6.9		6.9		6.3	
Required employer contribution rates	9.4		8.9		6.8	

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing 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 and side fund. The dollar amounts are billed on a monthly basis. The District’s required contribution for the unfunded liability was 180,279 in fiscal year 2018.

**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 Plan 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.

For the year ended December 31, 2018, the District’s contributions to the Plan were as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Contributions - employer	515,487	134,591	50,164

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

As of December 31, 2018 the District reported 4,399,273 in net pension liabilities for its proportionate shares of the net pension liability of the Plan.

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFINED BENEFIT PENSION PLAN (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, 2018, 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, 2017 rolled forward to June 30, 2018 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 for the Plan as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.11962
Proportion - June 30, 2018	<u>0.11866</u>
Change - Increase (Decrease)	<u><u>-0.00096</u></u>

For the year ended December 31, 2018, the District recognized pension expense of 321,019. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	394,249	
Differences between actual and expected experience	169,195	( 57,576)
Changes in assumptions	502,727	(123,209)
Change in employer's proportion and differences between the employer’s contributions and the employer’s proportionate share of contributions	1,441,519	
Net differences between projected and actual earnings on plan investments	<u>21,801</u>	<u>-</u>
Total	<u><u>2,529,491</u></u>	<u><u>( 180,785)</u></u>

The 394,249 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 December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2019	1,040,570
2020	776,842
2021	176,708
2022	(39,663)



**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFINED BENEFIT PENSION PLAN (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
1 Decrease	6.15
Net Pension Liability	7,072,819
Current Discount Rate	7.15
Net Pension Liability/(Asset)	4,399,273
1 Increase	8.15
Net Pension Liability/(Asset)	2,192,306

Actuarial Assumptions For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 and June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15
Inflation	2.50
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5 (1)
Post Retirement Benefit Increase	Contract COLA up to 2.0 until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50 thereafter
Mortality	Derived using CalPers Membership Data for all Funds (2)

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 of scale MP 2016. For more details on this table, please refer to the CalPERS 2017 experience study report available on CalPERS’ website.

**CITRUS HEIGHTS WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.15% used for the June 30, 2018 measurement date was net of administrative expenses. The discount rate of 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2017 measurement date were the same as those used for the June 30, 2018 measurement date.

Discount Rate The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each 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.

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

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 geometric rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11 (b)
Global Equity	50.0	4.80	5.98
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	2.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	0.00	-0.92
Total	<u>100</u>		

(a) An expected inflation of 2.00 used for this period.

(b) An expected inflation of 2.92 used for this period.

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

**NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS**

**A. General Information about the District’s Other Post Employment Benefit (OPEB) Plan**

Plan Description – The District provides post-employment healthcare benefits for certain groups of employees that retire from the District, under the Retiree Healthcare Plan (OPEB Plan), an agent multiple-employer plan administered by the District. The OPEB Plan provides benefits for all permanent, full-time employees of the District. The OPEB Plan’s assets are held in trust with the California Employers’ Retiree Benefit Trust Fund (CERBT), an agent multiple-employer Section 115 trust fund plan administered by California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established through District policy and may be amended through action of the District’s Board of Directors. In order to qualify for participation in the OPEB Plan, employees must meet two conditions: (1) completion of 20 years of service with the District; and (2) retirement from the District.

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

Benefits Provided – The following is a summary of Plan benefits by employee group as of December 31, 2018:

	<b>Retired from District between June 3, 1992 and March 19, 1996</b>	<b>Retired from District after March 19, 1996</b>
<b>20+ Years of Service</b>	Health insurance provided to employee at District expense	Maximum monthly reimbursement of 350.00 to retiree, spouse/ dependents.
<b>25+ Years of Service</b>	Health insurance provided to retiree, and spouse/dependents at the time of retirement. If no spouse/dependents, or if retiree does not wish to cover spouse/ dependents, retiree may select benefit of 30 years of service.	Maximum monthly reimbursement of 393.00 to retiree, spouse/ dependents.
<b>30+ Years of Service</b>	Health, dental, vision insurance provided at District expense for retiree. Health and dental insurance provided at District expense for spouse/dependents at time of retirement.	Maximum monthly reimbursement of 439.00 to retiree, spouse/ dependents.

For the year ended December 31, 2018, the District’s contributions to the OPEB Plan was 122,527.

Employees Covered by Benefit Terms – Membership in the OPEB Plan consisted of the following at the measurement date of December 31, 2017:

Active plan members	31
Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	1
Total	42

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**B. Net OPEB Liability**

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2016 that was rolled forward using standard update procedures to determine the total OPEB liability as of December 31, 2017, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2016
Measurement Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	6.25
Inflation	2.75
Payroll Growth	3.0
Healthcare Trend Rate	7.0 for 2018, decreasing to an ultimate rate of 5.0 in 2022
Mortality Rate	CalPERS 1997-2011 Experience Study

The underlying mortality assumptions were based on the CalPERS 1997-2011 Experience Study, and all other actuarial assumptions used in the December 31, 2016 valuation were based on the results of a December 31, 2016 actuarial experience study for the period January 1, 2017 to December 31, 2017.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.0	4.82
Fixed Income	43.0	1.47
TIPS	5.0	1.29
Commodities	4.0	0.84
REITs	8.0	3.76
Total	100.0	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**C. Changes in Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at December 31, 2017	1,332,951		1,332,951
Changes Recognized for the Measurement Period:			
Service Cost	25,905		25,905
Interest on the total OPEB liability	83,640		83,640
Changes in benefit terms			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		41,228	(41,228)
Net investment income			-
Administrative expenses			-
Benefit payments and refunds	(41,228)	(41,228)	-
Net Changes	68,317	-	68,317
Balance at December 31, 2018	1,401,268	-	1,401,268

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 %) or 1-percentage-point higher (7.25 %) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate -1% (5.25 %)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
1,648,959	1,401,268	1,204,497

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 % to 4.0 %) or 1-percentage-point higher (8.0 % to 6.0 %) than the current healthcare cost trend rates:

Plan's Net OPEB Liability		
Health Care Cost Trend Rates -1%	Health Care Cost Trend Rates	Health Care Cost Trend Rates +1%
1,389,626	1,401,268	1,412,043

**CITRUS HEIGHTS WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended December 31, 2018 and 2017**

**NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the District recognized OPEB expense of 109,545. At December 31, 2018, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	122,527	-
Total	122,527	-

122,527 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. The District did not have any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB that must be recognized as future OPEB expense.

**F. Payable to the OPEB Plan**

At December 31, 2018, the District reported a payable of 0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2018.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Various claims have been filed against the District. In the opinion of the District’s management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has capital project commitments as of December 31, 2018 and 2017 totaling 426,521 and 3,848,217, respectively, related to construction work.

**NOTE 10 – ECONOMIC DEPENDENCY**

During 2018 and 2017, the District purchased 90.25 and 99.05 , respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2018 and 2017 was 2,878,799 and 2,692,482, respectively. In addition, the District owns water transmission capacity entitlements through the cooperative transmission pipeline project owned and operated by SJWD.

**NOTE 11 – INSURANCE**

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

**CITRUS HEIGHTS WATER DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2018 and 2017**

**NOTE 11 – INSURANCE (Continued)**

Type of Coverage (Deductible)	ACWA/ JPIA	Deductible
General and Auto Liability (Includes Public Officials Liability)	5,000,000	None
Property Damage	100,000	2,500 - 100,000
Crime	100,000	1,000
Workers Compensation Liability	2,000,000	None
Employers Liability	2,000,000	None

The District has additional 500,000,000 in property damage coverage via ACWA/JAPIA through the commercial insurance.

**NOTE 12 – SUBSEQUENT EVENTS DISCLOSURE**

In December 2016, CalPERS’ Board of Directors voted to lower the discount rate from 7.5 to 7.0 over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increase to the normal costs and unfunded actuarial liabilities.



# REQUIRED SUPPLEMENTARY INFORMATION

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**CITRUS HEIGHTS WATER DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
For the Years Ended December 31, 2018 and 2017**

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan  
As of fiscal year ending December 31, 2018  
**Schedule of the Plan's Proportionate Share of the Net Pension Liability and  
Related Ratios as of the Measurement Date\*\*  
Last 10 Years\***

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
Plan's Proportion of the Net Pension Liability/Asset	0.05398	0.12216	0.11962	0.11866	0.11673
Plan's Proportionate Share of the Net Pension Liability/(Asset)	3,358,940	3,351,422	4,155,588	4,677,711	4,399,273
Plan's Covered-Employee Payroll	2,259,371	2,129,887	2,362,614	2,667,190	3,046,586
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	148.67	157.35	175.89	175.38	144.40
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.44	79.89	75.87	75.39	77.69

Fiscal year 2015 was the 1st year of implementation.

Calpers provides the information based on a June 30 fiscal year end.

<b>CITRUS HEIGHTS WATER DISTRICT</b> <b>REQUIRED SUPPLEMENTAL INFORMATION</b> <b>For the Years Ended December 31, 2018 and 2017</b>
---

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan  
As of fiscal year ending December 31, 2018  
**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Years\***

	2015	2016	2017	2018
Actuarially determined contribution	610,196	318,039	231,993	267,919
Contributions in relation to the actuarially determined contributions	(610,196)	(318,039)	(231,993)	(267,919)
Contribution deficiency (excess)	-	-	-	-
 Covered-employee payroll	 2,129,887	 2,362,614	 2,667,190	 3,046,586
 Contributions as a percentage of covered-employee payroll	 28.65	 13.46	 8.70	 8.79

Fiscal year 2015 was the 1st year of implementation.

<b>CITRUS HEIGHTS WATER DISTRICT</b> <b>REQUIRED SUPPLEMENTAL INFORMATION</b> <b>For the Years Ended December 31, 2018 and 2017</b>
---

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Agent Multiple Employer Plan  
Last 10 years

<b>Measurement Date</b>	<u><b>12/31/18</b></u>
<b>Total OPEB Liability</b>	
Service Cost	25,905
Interest	83,640
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	(41,228)
<b>Net change in total OPEB liability</b>	<u>68,317</u>
<b>Total OPEB liability - beginning</b>	<u>1,332,951</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>1,401,268</u></u>
Covered-employee payroll	<u><u>3,278,242</u></u>
Total OPEB liability as a percentage of covered-employee payroll	<u><u>42.74</u></u>

**Notes to schedule:**

- Fiscal year 2018 was the first year of implementation.

<b>CITRUS HEIGHTS WATER DISTRICT</b> <b>REQUIRED SUPPLEMENTAL INFORMATION</b> <b>For the Years Ended December 31, 2018 and 2017</b>
---

**SCHEDULE OF CONTRIBUTIONS**

Agent Multiple Employer Plan  
Last Ten Fiscal Years

<b>Fiscal Year Ended December 31,</b>	<b>2018</b>
Actuarially determined contribution	122,000
Contributions in relation to the actuarially determined contributions	122,527
Contribution deficiency (excess)	( 527)
Covered-employee payroll	3,278,242
Contributions as a percentage of covered-employee payroll	3.74

**Notes to Schedule**

Methods and assumptions used to determine contribution rates:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Amortization Period	20-year fixed period for 2018
Asset Valuation Method	n/a
Discount Rate	6.25
General Inflation	2.75 annually
Medical Trend	7.0 for 2018, decreasing to an ultimate rate of 5.0 in 2022
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16

- Fiscal year 2018 was the first year of implementation.



# STATISTICAL SECTION

# CITRUS HEIGHTS WATER DISTRICT

## Statistical Section

### Table of Contents

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This section of the Citrus Heights Water District's (District) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Financial Trends</b>	<b>Page</b>
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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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Operating Revenue by Source.....	60
Operating Expenses by Activity.....	61

<b>Revenue Capacity</b>	<b>Page</b>
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These schedules contain information to help the reader assess the District's ability to generate water revenues, the most significant source of revenue to the District.

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Revenue Rates.....	65
Customers by Type.....	66
Principal Customers.....	67

<b>Debt Capacity</b>	<b>Page</b>
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These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt, and the District's ability to manage debt in the future.

Ratios of Outstanding Debt.....	70
Debt Coverage.....	71

<b>Demographic and Economic Information</b>	<b>Page</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Demographic and Economic Statistics.....	74
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<b>Operating Information</b>	<b>Page</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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# FINANCIAL TRENDS

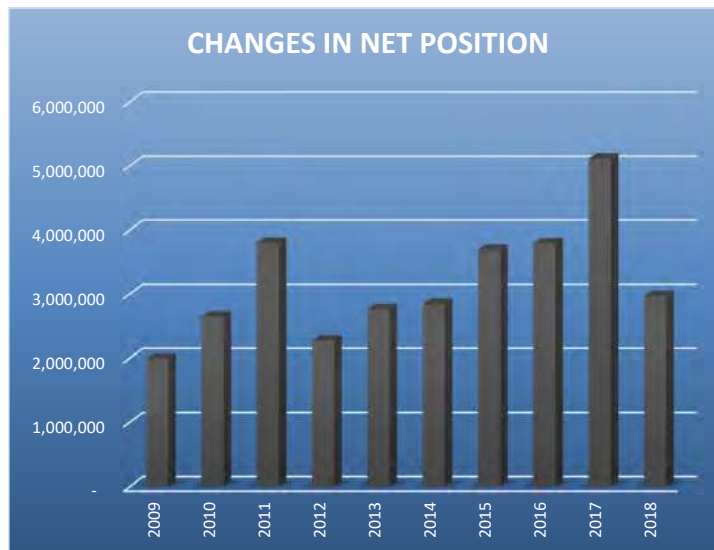




**CITRUS HEIGHTS WATER DISTRICT**  
**Changes in Net Position and Net Position by Component**

Last Ten Fiscal Years  
 Schedule 1

	2009	2010	2011	2012	2013
<b>Changes in net position:</b>					
Operating revenues (see Schedule 2)	\$ 10,048,811	10,132,776	10,227,212	10,693,408	11,358,086
Operating expenses (see Schedule 3)	(6,342,002)	(5,963,714)	(5,776,273)	(6,504,014)	(6,598,323)
Depreciation and amortization	(1,633,107)	(1,708,730)	(1,801,434)	(1,778,195)	(1,898,303)
<b>Operating income(loss)</b>	<b>2,073,702</b>	<b>2,460,332</b>	<b>2,649,505</b>	<b>2,411,199</b>	<b>2,861,460</b>
<b>Non-operating revenues(expenses)</b>					
Investment income	38,386	29,612	28,618	24,067	24,586
Miscellaneous income	40,680	41,470	1,155,861	16,127	13,616
Groundwater transfers and sales	-	-	-	-	-
Interest expense	(436,830)	(370,035)	(257,183)	(243,737)	(206,480)
(Loss) gain on disposal of capital assets	(29,399)	(22,187)	(30,516)	(31,125)	1,595
<b>Total non-operating revenues(expenses), net</b>	<b>(387,163)</b>	<b>(321,140)</b>	<b>896,780</b>	<b>(234,668)</b>	<b>(166,683)</b>
<b>Net income before capital contributions</b>	<b>1,686,539</b>	<b>2,139,192</b>	<b>3,546,285</b>	<b>2,176,531</b>	<b>2,694,777</b>
<b>Capital Contributions</b>					
Grant Revenues	30,672	32,884	22,699	3,126	3,178
Capital contributions	272,616	478,747	228,952	96,445	70,657
<b>Changes in net position</b>	<b>\$ 1,989,827</b>	<b>2,650,823</b>	<b>3,797,936</b>	<b>2,276,102</b>	<b>2,768,612</b>
<b>Net position by component:</b>					
Prior Year adjustment	\$ -	-	-	-	\$ -
Net investment in capital assets	35,547,224	36,381,139	38,151,330	40,384,388	42,108,244
Restricted	830,673	741,188	731,706	536,967	536,973
Unrestricted	5,188,316	7,094,709	9,131,936	9,765,994	10,414,469
<b>Total net position</b>	<b>\$ 41,566,213</b>	<b>44,217,036</b>	<b>48,014,972</b>	<b>50,687,349</b>	<b>53,059,686</b>

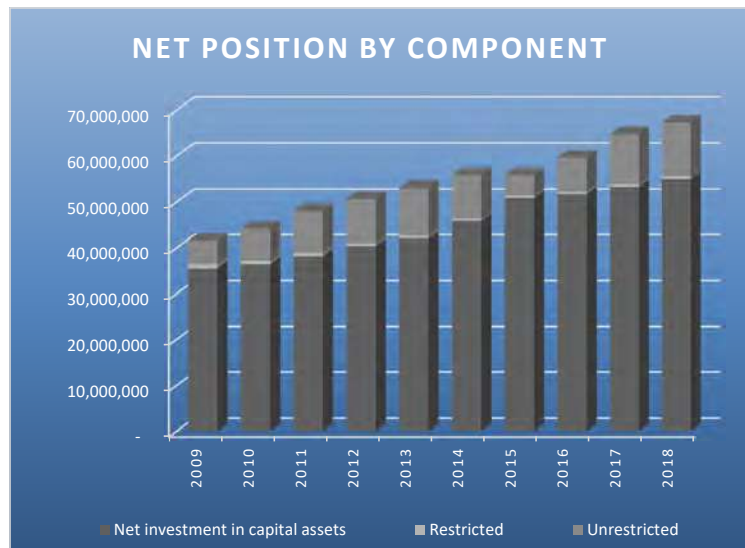


Source: District Administrative Services Department

**CITRUS HEIGHTS WATER DISTRICT**  
Changes in Net Position and Net Position by Component

Last Ten Fiscal Years  
Schedule 1 (Continued)

	2014	2015	2016	2017	2018	
<b>Changes in net position:</b>						
\$	11,331,301	10,884,550	12,325,057	14,043,049	14,375,044	Operating revenues (see Schedule 2)
	(6,358,613)	(6,023,057)	(7,043,963)	(7,534,381)	(9,531,439)	Operating expenses (see Schedule 3)
	(2,003,488)	(2,098,944)	(2,203,170)	(2,345,281)	(2,388,634)	Depreciation and amortization
	<u>2,969,200</u>	<u>2,762,549</u>	<u>3,077,924</u>	<u>4,163,387</u>	<u>2,454,971</u>	<b>Operating income(loss)</b>
						<b>Non-operating revenues(expenses)</b>
	15,547	19,093	38,313	63,531	159,437	Investment income
	12,716	28,606	68,203	77,074	107,546	Miscellaneous income
	-	-	-	1,058,793	347,583	Groundwater transfers and sales
	(195,210)	(173,462)	(155,214)	(145,911)	(147,540)	Interest expense
	(30,669)	4,834	(137,567)	(155,343)	(164,842)	(Loss) gain on disposal of capital assets
	<u>(197,616)</u>	<u>(120,929)</u>	<u>(186,265)</u>	<u>898,144</u>	<u>302,184</u>	<b>Total non-operating revenues(expenses), net</b>
	<u>2,771,584</u>	<u>2,641,620</u>	<u>2,891,659</u>	<u>5,061,531</u>	<u>2,757,155</u>	<b>Net income before capital contributions</b>
						<b>Capital Contributions</b>
	10,310	610,431	715	-	-	Grant Revenues
	<u>59,248</u>	<u>438,567</u>	<u>896,688</u>	<u>55,813</u>	<u>213,121</u>	Capital contributions
\$	<u>2,841,142</u>	<u>3,690,618</u>	<u>3,789,062</u>	<u>5,117,344</u>	<u>2,970,276</u>	<b>Changes in net position</b>
<b>Net position by component:</b>						
	-	(3,728,767)	-	-	-	Prior Year adjustment
	45,931,665	50,895,005	51,801,433	53,350,420	55,029,058	Net investment in capital assets
	536,963	533,350	533,796	535,733	541,475	Restricted
	<u>9,432,200</u>	<u>4,434,324</u>	<u>7,316,512</u>	<u>10,882,932</u>	<u>11,717,632</u>	Unrestricted
\$	<u>55,900,828</u>	<u>52,133,912</u>	<u>59,651,741</u>	<u>64,769,085</u>	<u>67,288,165</u>	<b>Total net position</b>

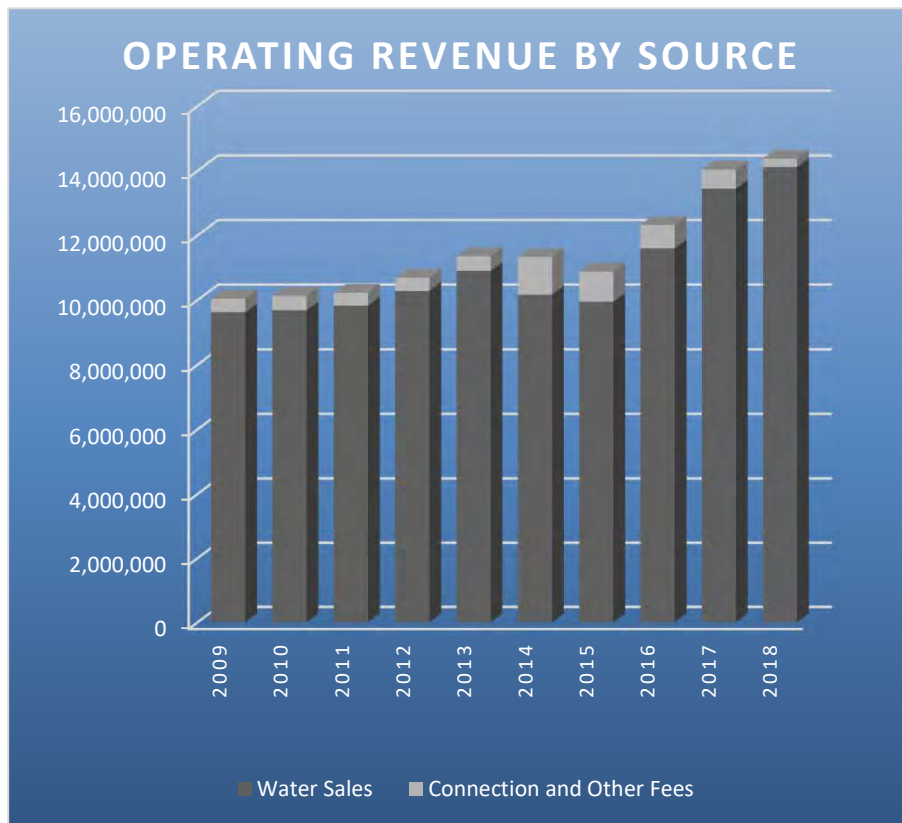


# CITRUS HEIGHTS WATER DISTRICT

## Operating Revenue By Source

Last Ten Fiscal Years  
Schedule 2

Fiscal Year	Water Sales	Connection and Other Fees	Total Operating Revenue
2009	\$ 9,623,864	\$ 424,947	\$ 10,048,811
2010	9,687,869	444,907	10,132,776
2011	9,833,125	394,087	10,227,212
2012	10,285,029	408,379	10,693,408
2013	10,905,197	452,889	11,358,086
2014	10,171,473	1,159,828	11,331,301
2015	9,953,864	930,686	10,884,550
2016	11,602,622	722,435	12,325,057
2017	13,448,691	594,358	14,043,049
2018	14,119,865	255,179	14,375,044

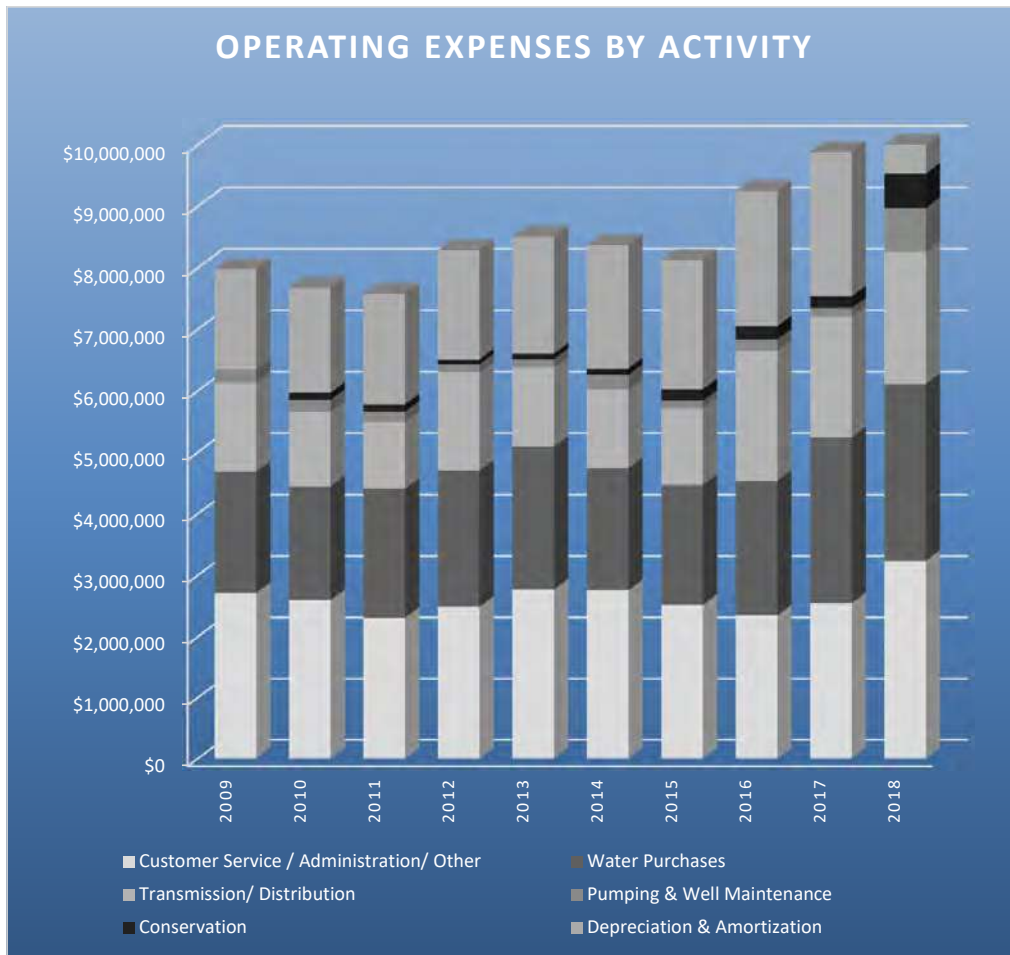


Source: District Administrative Services Department

**CITRUS HEIGHTS WATER DISTRICT**  
Operating Expenses by Activity

Last Ten Fiscal Years  
Schedule 3

Fiscal Year	Customer Service / Administration / Other	Water Purchases	Transmission/ Distribution	Pumping & Well Maintenance	Conservation	Depreciation & Amortization	Total Operating Expenses
2009	\$ 2,707,623	\$ 1,972,942	\$ 1,440,173	\$ 221,264	\$ -	\$ 1,633,107	\$ 7,975,109
2010	2,591,029	1,849,440	1,215,954	192,540	114,751	1,708,730	7,672,444
2011	2,302,582	2,102,734	1,086,422	162,835	121,700	1,801,434	7,577,707
2012	2,481,956	2,219,550	1,597,456	130,129	74,923	1,778,195	8,282,209
2013	2,763,786	2,322,002	1,289,768	133,950	88,817	1,898,303	8,496,626
2014	2,752,172	1,984,921	1,282,941	239,344	99,235	2,003,488	8,362,101
2015	2,514,087	1,950,627	1,239,387	132,842	186,114	2,098,944	8,122,001
2016	2,342,957	2,190,061	2,114,019	184,776	212,150	2,203,170	9,247,133
2017	2,543,736	2,692,482	1,963,750	145,077	189,336	2,345,281	9,879,662
2018	3,228,919	2,878,799	2,142,451	717,562	563,708	2,388,634	11,920,073



Source: District Administrative Services Department



**CITRUS  
HEIGHTS**  

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**WATER  
DISTRICT**

# REVENUE CAPACITY

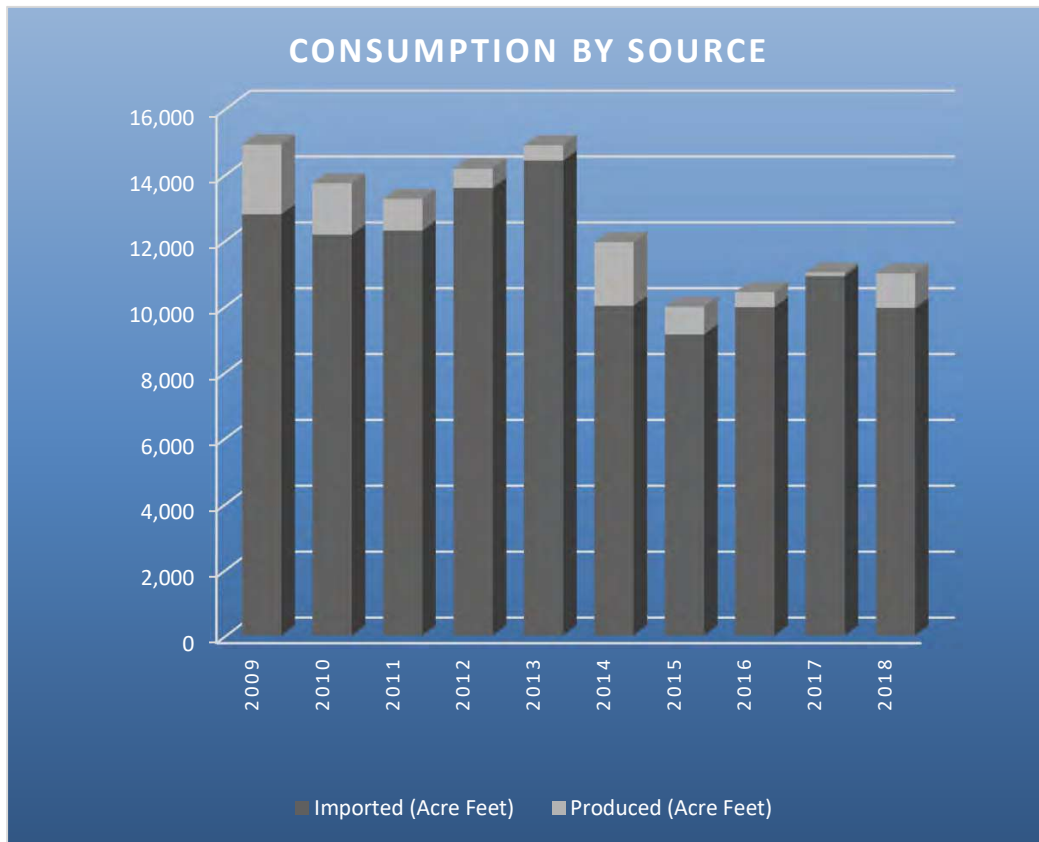


# CITRUS HEIGHTS WATER DISTRICT

## Revenue Base

### Last Ten Fiscal Years Schedule 4

Fiscal Year	Consumption (Acre Feet)	Water Supply		% Water Imported
		Imported (Acre Feet)	Produced (Acre Feet)	
2009	14,905.20	12,785.62	2,119.58	85.78%
2010	13,725.35	12,165.46	1,559.89	88.63%
2011	13,252.18	12,289.80	962.38	92.74%
2012	14,169.76	13,583.02	586.74	95.86%
2013	14,881.54	14,416.21	465.33	96.87%
2014	11,937.24	10,007.61	1,929.63	83.84%
2015	9,973.47	9,132.60	840.87	91.57%
2016	10,422.44	9,964.89	457.55	95.61%
2017	11,014.52	10,909.88	104.64	99.05%
2018	10,981.66	9,940.53	1,041.13	90.52%



**Source:** District Operations Department



CITRUS HEIGHTS WATER DISTRICT

Water Rates

Last Ten Fiscal Years

Schedule 5

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Flat Rate Accounts (Bimonthly) <sup>(1)</sup></b>										
Single Dwelling	\$ 70.80	\$ 87.75	\$ 89.51	\$ 89.51	n/a	n/a	n/a	n/a	n/a	n/a
Duplex Dwelling (per duplex side)	59.97	74.29	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a
Condominium Dwelling	59.97	74.29	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a
Apartments/Mobile Homes	59.97	74.29	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a
Irrigation Rate	87.70	112.27	117.88	117.88	n/a	n/a	n/a	n/a	n/a	n/a
<b>Metered Accounts <sup>(2)</sup></b>										
<b>Consumption (per unit ccf)</b>										
Tier 1	\$ 0.5055	\$ 0.6369	\$ 0.6751	\$ 0.6751	\$ 0.6954	n/a	n/a	n/a	n/a	n/a
Tier 2	0.5948	0.7494	0.7944	0.7944	0.8182	n/a	n/a	n/a	n/a	n/a
Tier 3	0.6514	0.8208	0.8700	0.8700	0.8961	n/a	n/a	n/a	n/a	n/a
Per Unit CCF (No tiers)	n/a	n/a	n/a	n/a	n/a	\$ 0.7440	\$ 0.7663	\$ 0.8735	\$ 0.9871	\$ 1.0167
<b>Service Charge (bimonthly)</b>										
Commercial/Domestic 3/4"	\$ 34.88	\$ 34.88	\$ 34.88	\$ 34.88	\$ 35.93	\$ 35.82	\$ 36.89	\$ 42.05	\$ 47.52	\$ 48.94
Commercial/Domestic 1"	50.04	50.04	50.04	50.04	51.54	54.50	56.13	63.98	72.30	74.46
Commercial/Domestic 1-1/2"	87.29	87.29	87.29	87.29	89.91	66.95	68.95	78.60	88.82	91.48
Commercial/Domestic 2"	132.51	132.51	132.51	132.51	136.49	129.20	133.07	151.69	171.41	176.55
Commercial/Domestic 3"	236.80	236.80	236.80	236.80	243.90	203.91	210.02	239.42	270.54	278.65
Commercial/Domestic 4"	385.88	385.88	385.88	385.88	397.46	403.13	415.22	473.35	534.89	550.93
Irrigation 3/4"	17.44	17.44	17.44	17.44	17.96	35.82	36.89	42.05	47.52	48.94
Irrigation 1"	25.02	25.02	25.02	25.02	25.77	54.50	56.13	63.98	72.30	74.46
Irrigation 1-1/2"	43.64	43.64	43.64	43.64	44.95	66.95	68.95	78.60	88.82	91.48
Irrigation 2"	66.25	66.25	66.25	66.25	68.24	129.20	133.07	151.69	171.41	176.55
Irrigation 3"	118.40	118.40	118.40	118.40	121.95	203.91	210.02	239.42	270.54	278.65
Irrigation 4"	192.94	192.94	192.94	192.94	198.73	403.13	415.22	473.35	534.89	550.93

Notes:

(1) The District completed the migration of Flat-Rate customers to meters in Fiscal Year 2012, and the Flat-Rate was eliminated for Fiscal Year 2013.

(2) The District abolished its tiered consumption charge beginning in 2014.

Source:

District Administrative Services Department



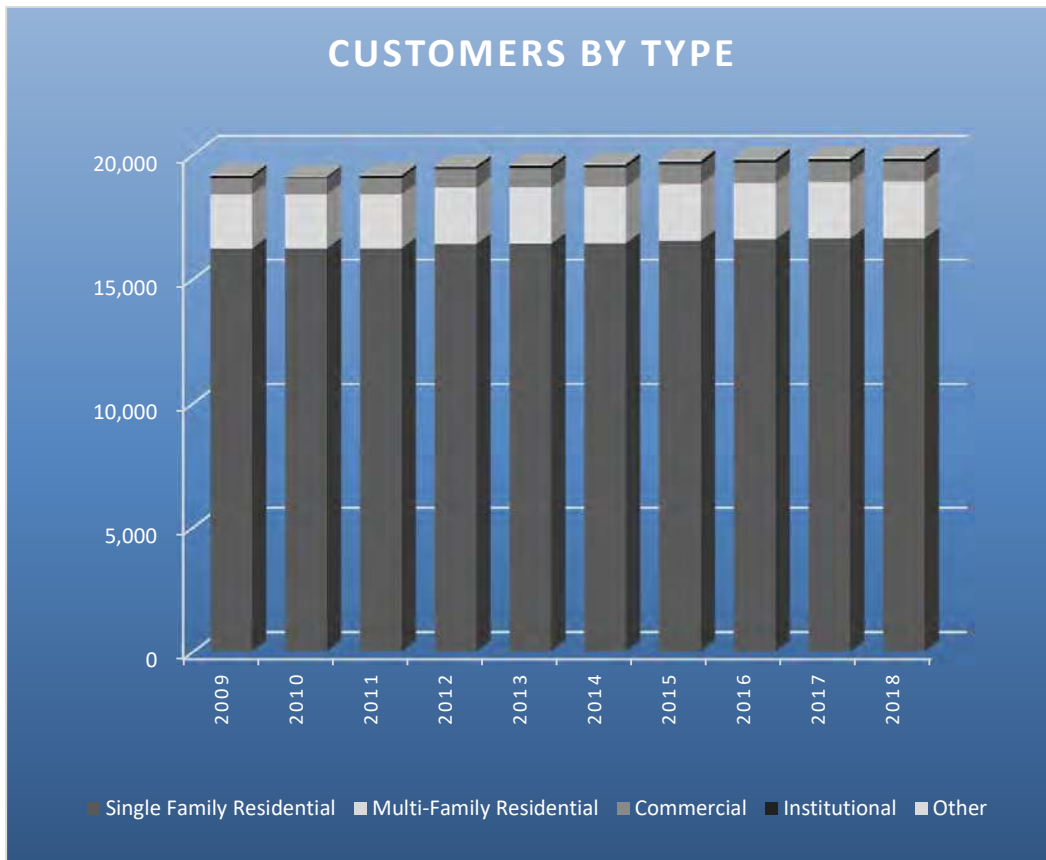
# CITRUS HEIGHTS WATER DISTRICT

## Customers by Type

Last Ten Fiscal Years

Schedule 6

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial	Institutional	Other	Total
2009	16,211	2,189	646	93	48	19,187
2010	16,219	2,176	648	51	37	19,131
2011	16,223	2,176	647	95	32	19,173
2012	16,385	2,272	751	101	43	19,552
2013	16,402	2,275	758	111	45	19,591
2014	16,425	2,280	771	118	51	19,645
2015	16,527	2,285	785	130	58	19,785
2016	16,576	2,283	802	131	59	19,851
2017	16,615	2,284	807	132	64	19,902
2018	16,627	2,284	807	132	61	19,911



**Source:** District Administrative Services Department  
District Water Efficiency Department

# CITRUS HEIGHTS WATER DISTRICT

## Principal Customers

### Current Fiscal Year and Ten Years Ago Schedule 7

Customer	2018	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School District	101,854	2.13%
JMK Investments	78,590	1.64%
Sunrise Recreation Park District	73,319	1.53%
JRK Investors	50,602	1.06%
Conference Claimants Endowment	30,164	0.63%
City of Citrus Heights	29,638	0.62%
Wedgewood Commons Apts LLC	28,837	0.60%
Mount Vernon Memorial Park	28,815	0.60%
Big Oak Investments	24,553	0.54%
Salishan Apartments	24,191	0.51%
Total Billed Units: Principal customers	470,563	9.89%
Total Billed Units	4,783,942	100.00%

Customer	2009	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School District	90,502	1.50%
JMK Investments	82,411	1.13%
Sunrise Recreation Park District	68,381	1.36%
JRK Investors	58,360	0.97%
Mount Vernon Memorial Park	43,224	0.71%
Conference Claimants Endowment	42,808	0.71%
Pacific Capital Investments	34,194	0.51%
Salishan Apartments	32,822	0.57%
City of Citrus Heights	30,672	0.54%
Wedgewood Commons Apts LLC	28,422	0.47%
Total Billed Units: Principal customers	511,796	8.45%
Total Billed Units	6,046,241	100.00%

**Source:**

District Administrative Services Department



**CITRUS  
HEIGHTS**  

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**WATER  
DISTRICT**

# DEBT CAPACITY



# CITRUS HEIGHTS WATER DISTRICT

## Ratios of Outstanding Debt by Type

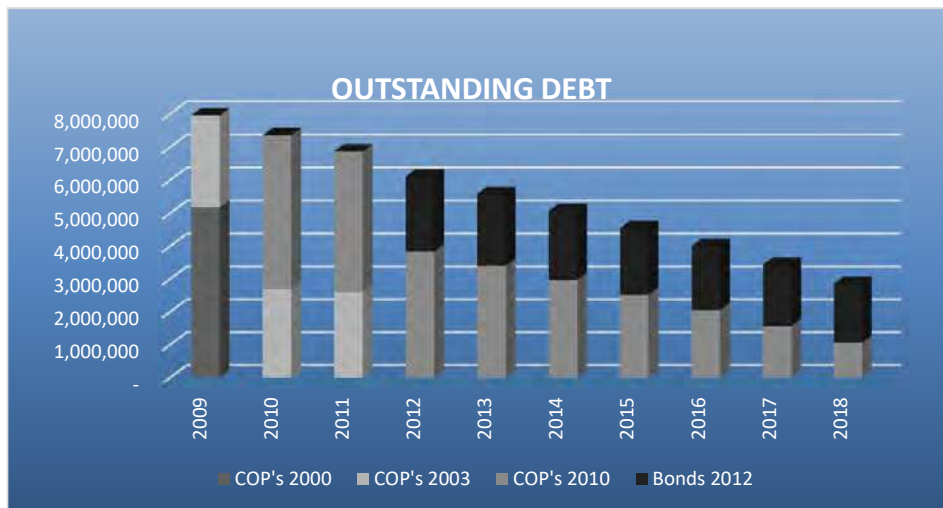
Last Ten Fiscal Years

Schedule 8

Fiscal Year	Certificates of Participation 2000 <sup>(1)</sup>	Certificates of Participation 2003 <sup>(2)</sup>	Certificates of Participation 2010 <sup>(3)</sup>	Refunding Revenue Bonds 2012 <sup>(4)</sup>	Total		
					Total Debt	No. of Connections <sup>(5)</sup>	Debt Per Capita (Rounded) <sup>(5)</sup>
2009	\$ 5,200,000	\$ 2,770,000	\$ -	\$ -	\$7,970,000	19,187	\$415
2010	-	2,695,000	4,670,000	-	7,365,000	19,131	\$385
2011	-	2,615,000	4,260,000	-	6,875,000	19,173	\$359
2012	-	-	3,840,000	2,275,000	6,115,000	19,552	\$313
2013	-	-	3,415,000	2,170,000	5,585,000	19,591	\$285
2014	-	-	2,980,000	2,095,000	5,075,000	19,645	\$258
2015	-	-	2,530,000	2,025,000	4,555,000	19,785	\$230
2016	-	-	2,060,000	1,950,000	4,010,000	19,851	\$202
2017	-	-	1,575,000	1,870,000	3,445,000	19,902	\$173
2018	-	-	1,070,000	1,790,000	2,860,000	19,911	\$144

**Notes:**

- (1) In October 2000, the District issued \$7,900,000 of Certificates of Participation, Series 2000 to finance the cost of capital improvement projects.
- (2) In December 2003, the District issued \$2,915,000 of Certificates of Participation, Series 2003 to finance the cost of capital improvement projects.
- (3) In September 2010, the District issued \$5,155,000 of Revenue Certificates of Participation, Series 2010 to retire the outstanding 2000 Certificates of Participation.
- (4) In April 2012, the District issued \$2,275,000 of Revenue Refunding Bonds, Series 2012 to retire the outstanding 2003 Certificates of Participation.



Source: District Administrative Services Department

# CITRUS HEIGHTS WATER DISTRICT

## Debt Coverage

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2009	\$ 10,098,478	\$ (7,975,109)	\$ 2,123,369	\$ 425,000	\$ 436,830	\$ 861,830	2.46
2010	10,181,671	(7,672,444)	2,509,227	560,000	370,035	930,035	2.70
2011	11,381,175	(7,577,707)	3,803,468	570,000	257,183	827,183	4.60
2012	10,761,665	(8,282,209)	2,479,456	420,000	243,737	663,737	3.74
2013	11,468,540	(8,496,626)	2,971,914	530,000	206,480	736,480	4.04
2014	11,339,205	(8,362,101)	2,977,104	510,000	195,210	705,210	4.22
2015	11,376,365	(8,122,001)	3,254,364	520,000	173,462	693,462	4.69
2016	13,191,409	(9,247,133)	3,944,276	545,000	155,214	700,214	5.63
2017	15,087,104	(9,879,662)	5,207,442	565,000	145,911	710,911	7.33
2018	14,824,768	(11,920,073)	2,904,695	585,000	147,540	732,540	3.97



**Source:** District Administrative Services Department



**CITRUS  
HEIGHTS**  

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**WATER  
DISTRICT**



# DEMOGRAPHIC AND ECONOMIC INFORMATION





# CITRUS HEIGHTS WATER DISTRICT

## Demographics and Economic Statistics

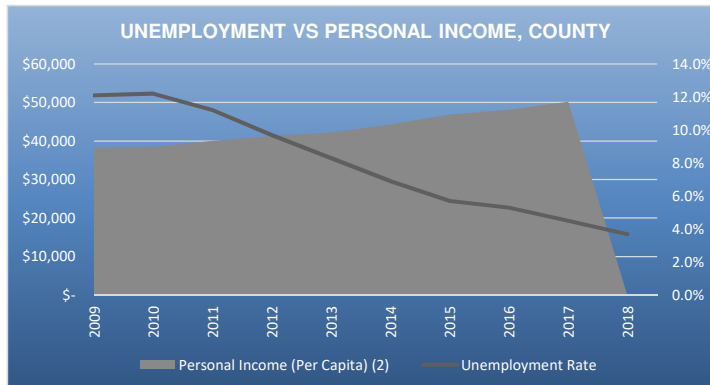
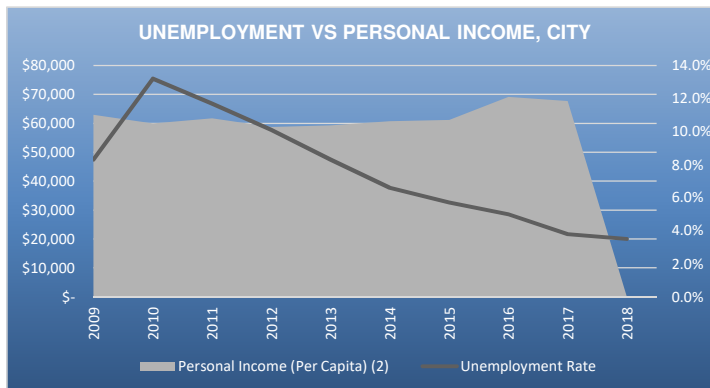
### Last Ten Calendar Years Schedule 10

Fiscal Year	Total Number of Connections	City of Citrus Heights <sup>(1)</sup>				County of Sacramento <sup>(1)</sup>			
		Population <sup>(3)</sup>	Unemployment Rate	Personal Income (thousands of dollars) <sup>(2)</sup>	Personal Income (Per Capita) <sup>(2)</sup>	Population	Unemployment Rate	Personal Income (thousands of dollars) <sup>(2)</sup>	Personal Income (Per Capita) <sup>(2)</sup>
2009	19,187	84,613	8.3%	\$5,322,581	\$62,905	1,408,601	12.1%	\$53,826,177	\$38,213
2010	19,131	83,365	13.2%	4,994,897	59,916	1,422,018	12.2%	54,666,004	38,443
2011	19,173	83,903	11.7%	5,178,325	61,718	1,435,002	11.2%	57,498,308	40,068
2012	19,552	84,489	10.1%	4,961,701	58,726	1,447,236	9.7%	59,775,785	41,303
2013	19,591	85,123	8.3%	5,044,729	59,264	1,460,023	8.3%	61,654,690	42,229
2014	19,645	85,891	6.6%	5,212,811	60,691	1,478,137	6.9%	65,486,553	44,303
2015	19,785	86,759	5.7%	5,308,263	61,184	1,496,644	5.7%	70,110,138	46,845
2016	19,851	87,380	5.0%	6,043,288	69,161	1,514,460	5.3%	72,878,458	48,122
2017	19,902	87,931	3.8%	5,952,753	67,698	1,530,615	4.5%	76,832,120	50,197
2018	19,911	n/a	3.5%	n/a	n/a	1,540,975	3.7%	n/a	n/a

**Notes:** (1) Demographic and economic statistics are provided for the City of Citrus Heights (City) and the County of Sacramento (County) because these statistics are not separately available for the District's service area. As the District is primarily comprised of some areas of the City, and unincorporated areas of the County, the District believes that data from the City and the County is representative of the conditions and experience of the District.

(2) Personal income and per capita personal income is not yet available for Fiscal Year 2018.

(3) Population data for the City is not yet available for Fiscal Year 2018.



**Sources:** U.S. Bureau of Economic Analysis  
U.S. Bureau of Labor Statistics  
U.S. Census Bureau

**CITRUS HEIGHTS WATER DISTRICT**

Principal Employers <sup>(1)</sup>

Current Fiscal Year and Ten Years Ago  
Schedule 12

2018			
Employer	Employees	Rank	Percentage of Employment
State of California	75,801	1	10.56%
UC Davis Health	12,840	2	1.70%
County of Sacramento	12,208	3	1.53%
Kaiser Permanente	11,005	4	1.79%
United States Government	10,325	5	1.44%
Sutter Health	8,177	6	1.14%
Dignity Health	7,000	7	0.98%
Elk Grove Unified School District	6,210	8	0.84%
Intel Corporation	6,000	9	0.70%
Apple Incorporated	5,000	10	0.86%
<u>Total</u>	<u>154,566</u>		<u>21.54%</u>
Total County Employment	717,924		100.00%

2013 <sup>(2)</sup>			
Employer	Employees	Rank	Percentage of Employment
State of California	69,469	1	10.31%
County of Sacramento	10,634	2	1.58%
Kaiser Permanente	5,696	8	0.85%
UC Davis Health	9,985	3	1.48%
United States Government	5,750	7	0.85%
Sutter Health	6,507	4	0.97%
Dignity Health	5,756	6	0.85%
Intel Corporation	6,000	5	0.89%
Elk Grove Unified School District	5,535	9	0.82%
San Juan Unified School District	4,700	10	0.70%
<u>Total</u>	<u>130,032</u>		<u>19.29%</u>
Total County Employment	673,727		100.00%

**Notes:**

(1) Data is not separately available for the District's service area. As the District serves an area comprising, in large part, the City of Citrus Heights, and unincorporated areas of the County of Sacramento, information for the County of Sacramento has been presented.

(2) Data is not available for the years prior to 2013.

**Source:**

Sacramento Business Journal  
U.S. Bureau of Labor Statistics



**CITRUS  
HEIGHTS**  

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**WATER  
DISTRICT**

# OPERATING INFORMATION



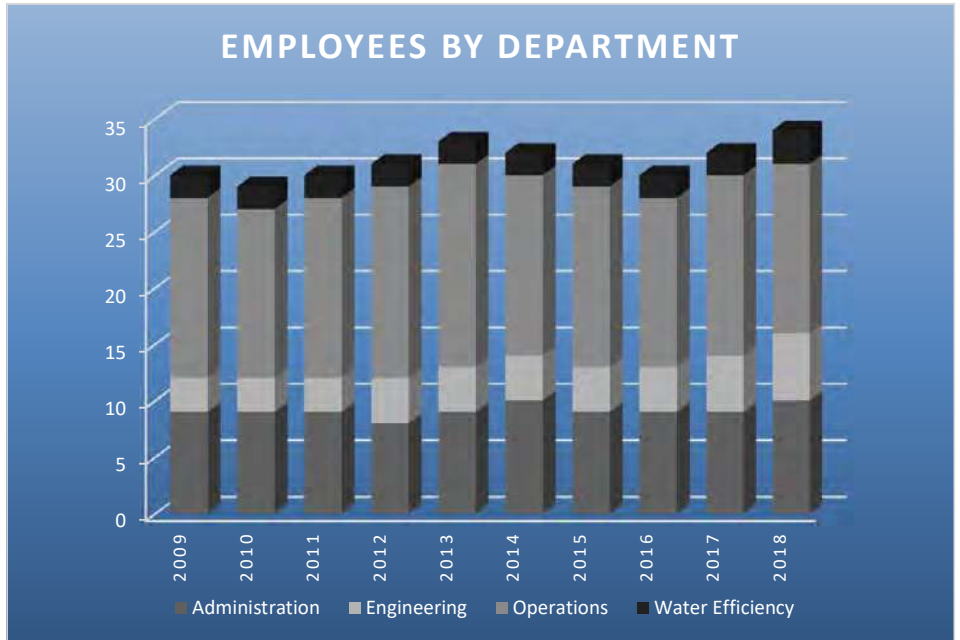
# CITRUS HEIGHTS WATER DISTRICT

## District Employees by Department

Last Ten Fiscal Years

Schedule 11

Department	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	9	9	9	8	9	10	9	9	9	10
Engineering	3	3	3	4	4	4	4	4	5	6
Operations	16	15	16	17	18	16	16	15	16	15
Water Efficiency	2	2	2	2	2	2	2	2	2	3
<b>Total</b>	<b>30</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>33</b>	<b>32</b>	<b>31</b>	<b>30</b>	<b>32</b>	<b>34</b>



Source: District Administrative Services Department

# CITRUS HEIGHTS WATER DISTRICT

## Other Operating and Capacity Indicators

Last Ten Fiscal Years

Schedule 13

Fiscal Year	Total Connections	Total Annual Demand (Acre Feet)	Pipeline (mi)	Wells	Meters	Hydrants
2009	19,187	14,905.20	239.09	4	19,358	1,959
2010	19,131	13,725.35	239.72	4	19,419	1,980
2011	19,173	13,252.18	240.87	4	19,457	1,996
2012	19,552	14,169.76	242.51	4	19,488	2,037
2013	19,591	14,881.54	243.80	4	19,538	2,062
2014	19,645	11,937.24	245.56	4	19,594	2,087
2015	19,785	9,973.47	248.19	5	19,789	2,133
2016	19,851	10,422.44	249.31	6	19,912	2,160
2017	19,902	11,014.52	249.97	6	19,912	2,181
2018	19,911	10,981.66	250.42	6	19,914	2,126

**Source:** District Administrative Services Department  
District Engineering Department  
District Water Efficiency Department



**CITRUS  
HEIGHTS**  

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**WATER  
DISTRICT**

6230 SYLVAN ROAD, CITRUS HEIGHTS, CA 95610

916.725.6873    [WWW.CHWD.ORG](http://WWW.CHWD.ORG)

Attachment 2  
Memorandum on Internal Control  
and Required Communications  
For the Year Ended December 31, 2018



**CITRUS HEIGHTS WATER DISTRICT**  
**MEMORANDUM ON INTERNAL CONTROL**  
**AND**  
**REQUIRED COMMUNICATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**CITRUS HEIGHTS WATER DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**For the Year Ended December 31, 2018**

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## MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of  
the Citrus Heights Water District  
Citrus Heights, California

In planning and performing our audit of the basic financial statements of the Citrus Heights Water District (District) as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

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

*Maze + Associates*

Pleasant Hill, California  
April 29, 2019

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**CITRUS HEIGHTS WATER DISTRICT  
SCHEDULE OF OTHER MATTERS**

**2018-01: UPCOMING GASBS**

There are a number of new accounting and financial reporting pronouncements that have been issued by the Governmental Accounting Standards Board, the authoritative standard setting body in the United States. We have included the one that will have an impact on the District's financial statements, effective in fiscal year ending December 31, 2019, to keep you informed about these developments on a proactive basis.

**The following pronouncement is effective in fiscal year 2019:**

**GASB 83 – Certain Asset Retirement Obligations**

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.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

**CITRUS HEIGHTS WATER DISTRICT  
SCHEDULE OF OTHER MATTERS**

**GASB 83 – Certain Asset Retirement Obligations (Continued)**

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

**GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements**

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.



**CITRUS HEIGHTS WATER DISTRICT  
SCHEDULE OF OTHER MATTERS**

**GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (Continued)**

***How the Changes in This Statement Improve Financial Reporting***

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

**The following pronouncement are effective in fiscal year 2019 and beyond:**

**EFFECTIVE FISCAL YEAR 2019/20:**

**GASB 84 – Fiduciary Activities**

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

**CITRUS HEIGHTS WATER DISTRICT  
SCHEDULE OF OTHER MATTERS**

***GASB 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**CITRUS HEIGHTS WATER DISTRICT  
SCHEDULE OF OTHER MATTERS**

**EFFECTIVE FISCAL YEAR 2021:**

**GASB 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

**GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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## REQUIRED COMMUNICATIONS

To the Board of Directors of  
the Citrus Heights Water District  
Citrus Heights, California

We have audited the basic financial statements of the Citrus Heights Water District (District) for the year ended December 31, 2018. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

### **Significant Audit Findings**

#### ***Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are included in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

#### ***Statement No. 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions***

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

This pronouncement became effective and required a prior period adjustment. As a result, the beginning net position of the District was restated and reduced by \$451,196 as discussed in Note 6 to the financial statements.

### ***Unusual Transactions, Controversial or Emerging Areas***

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***

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 District's financial statements were:

*Estimated Fair Value of Investments:* As of December 31, 2018, the District held \$13.7 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of December 31, 2018. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to December 31, 2018.

*Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is somewhat reasonable in relation to the basic financial statements taken as a whole.

*Estimate of Compensated Absences:* Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows Resources:* Management's estimate of the net OPEB liabilities and deferred outflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### ***Disclosures***

The financial statement disclosures are neutral, consistent, and clear.

### ***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 clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the District's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

### ***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 a management representation letter dated April 29, 2019.

### ***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 Information Accompanying the Financial Statements**

We applied certain limited procedures to the required supplementary information that accompanies and 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 required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

*Maze + Associates*

Pleasant Hill, California  
April 29, 2019



# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2019 MEETING

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SUBJECT : METER REPLACEMENT STUDY UPDATE  
STATUS : Information Item  
REPORT DATE : May 1, 2019  
PREPARED BY : Hilary Straus, General Manager  
David Gordon, Operations Manager  
Rex Meurer, Water Efficiency Supervisor

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Staff will provide an update on the Meter Replacement Study, including efforts to finalize levels of participation among Meter Replacement Consortium agencies.