

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : TRAINING / CONTINUED EDUCATION / MEETINGS
 STATUS : Information Item
 REPORT DATE : April 29, 2016
 PREPARED BY : Robert A. Churchill, General Manager

Upcoming training, continued education and meeting opportunities for Directors and Management Staff for consideration. New items are noted in *bold italics*.

Common Abbreviations:

ACWA	Association of California Water Agencies
ASCE	American Society of Civil Engineers
AWWA	American Water Works Association
CSDA	California Special Districts Association
JPIA	Joint Powers Insurance Authority
WEF	Water Education Foundation

A. May 17-18 CSDA Special District Legislative Days
Sacramento, CA

Recommended Attendees:

B. Jun 19-22 AWWA National Conference
Chicago, IL

Recommended Attendees:

C. Jul 14 Regional Water Authority (RWA) 15-Year Anniversary Celebration
Sacramento, CA

Recommended Attendees: Directors, Selected Staff

D. Sep 28-Oct 1 ASCE National Conference
Portland, OR

Recommended Attendees: GM Churchill

E. Oct 24-27 AWWA CA/NV Section Fall Conference
San Diego, CA

Recommended Attendees:

F. Nov 28-29 ACWA-JPIA Fall Conference
Anaheim, CA

Recommended Attendees: Directors, GM, AGM

G. Nov 30-Dec 2 ACWA Fall Conference
Anaheim, CA

Recommended Attendees: Directors, GM, AGM

H. WEF 2016 Water Tours

May 19-20 San Diego Tour

Jun 15-17 Bay-Delta Tour

Oct 19-21 Northern California Tour

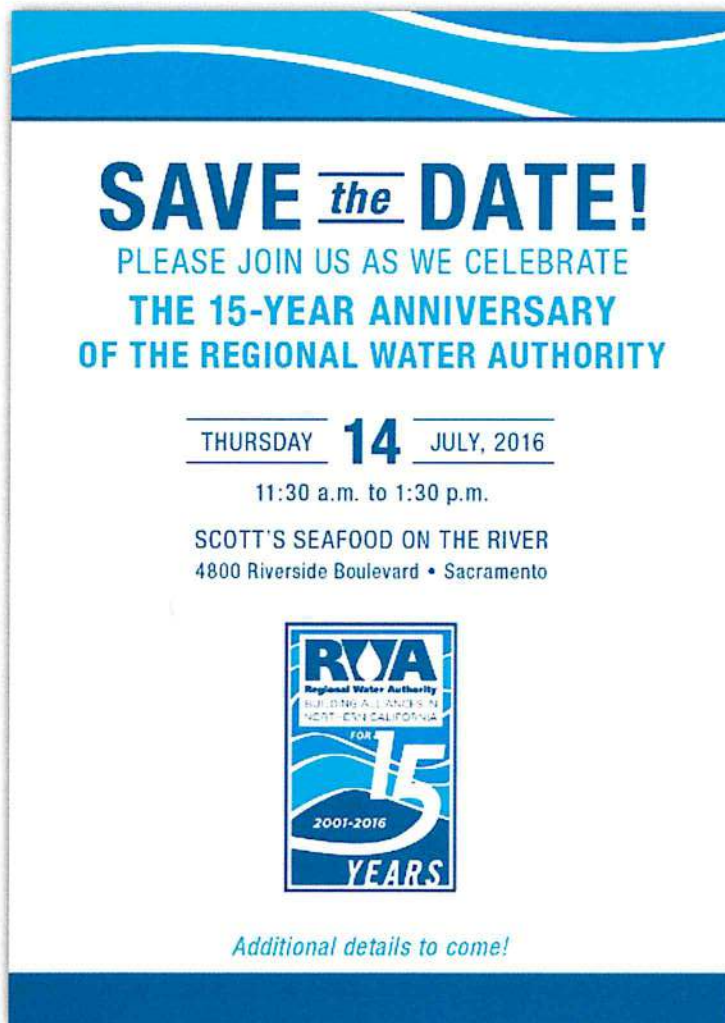
Nov 2-3 San Joaquin River Restoration Tour

Robert Churchill

From: John Woodling Regional Water Authority <paperlesspost@paperlesspost.com>
Sent: Thursday, April 07, 2016 10:45 AM
To: Robert Churchill
Subject: RWA 15 Year Anniversary


For: Bob Churchill

[VIEW THE CARD](#)



SAVE *the* DATE!
PLEASE JOIN US AS WE CELEBRATE
**THE 15-YEAR ANNIVERSARY
OF THE REGIONAL WATER AUTHORITY**

THURSDAY **14** JULY, 2016
11:30 a.m. to 1:30 p.m.
SCOTT'S SEAFOOD ON THE RIVER
4800 Riverside Boulevard • Sacramento



Additional details to come!

RWA 15-YEAR ANNIVERSARY EVENT

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : AUCTION OF SURPLUS EQUIPMENT
STATUS : Action Item
REPORT DATE : April 28, 2016
PREPARED BY : David Gordon, Operations Manager

OBJECTIVE:

Consider sale of equipment that is surplus to the needs of the District by selling it at public auction.

BACKGROUND AND ANALYSIS:

The District is preparing to sell the following equipment as surplus:

- Vehicle No. 28, 2009 Ford SUV Escape, approx. mileage 53,931
- Tool Carrier Attachment, JRB 1.00 Yd Multi-Purpose Bucket
- Tool Carrier Attachment, Sweepster Broom QCTL

Under District Policy No. 5750, Disposal of Surplus Property, any District property with an estimated value of greater than \$4,000 shall be disposed as surplus *with the authorization of the Board of Directors*. It is likely that these pieces of equipment will bring more than \$4,000 each at auction. In order to avoid any possible non-compliance with District policy, this matter is being brought to the Board of Directors for consideration and action before sending the equipment items to auction.

RECOMMENDATION:

Authorize the sale of District Vehicle No. 28 and tool carrier attachments: Bucket and Broom configured for District Equipment No. 42, previously determined surplus, at public auction.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : 2016-17 Test Hole Drilling Services Agreement
STATUS : Action Item
REPORT DATE : May 3, 2016
PREPARED BY : David M. Gordon, Operations Manager

OBJECTIVE:

Consider acceptance of bids to provide construction services of drilling, logging, sampling and abandoning one test hole within the Citrus Heights Water District Service Area.

BACKGROUND AND ANALYSIS:

Citrus Heights Water District continues with the goal of development of several new groundwater production wells. That development begins with an analysis of ground water availability and vulnerability within the District. If a property becomes available on the market, within the District service area, and fits the criteria of an ideal groundwater source location, District staff uses the services of a real estate agent to negotiate an agreement to perform test hole drilling of the property. If, after testing the groundwater availability through test hole drilling, the property continues to meet the District's potential well site criteria, the District will move forward to purchase the property from the seller.

The timeline to perform test hole drilling, purchase the property, engineering design, and development of a groundwater production well is a two to three (2-3) year process on paper, but may take much longer. This agreement will allow District staff to mobilize on available property with minimal delay.

The District received three (3) sealed proposals on May 3, 2016, at which time proposals were opened and read publicly. The apparent low bidder is ABC Liovin Drilling. Bids received are as follows:

1. ABC Liovin Drilling	\$ 99,350.00
2. Nor-Cal Pump & Well Drilling	\$ 118,850.00
3. Cascade Drilling, L.P.	\$ 167,350.00

The District would like to enter into contract agreements will all of the bidders in order to mobilize quickly in a time sensitive property market. The agreements state that the low bidder will be given the Notice to Proceed first, followed by the second, then the third.

RECOMMENDATION:

Accept the bids by ABC Liovin Drilling, Nor-Cal Pump & Well Drilling and Cascade Drilling L.P. Authorize the General Manager to execute the contract agreements.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : AUDITED FINANCIAL REPORT FOR YEAR ENDED DECEMBER 31, 2015
 STATUS : Action Item
 REPORT DATE : May 10, 2016
 PREPARED BY : Susan K. Sohal, Accounting Supervisor
 Mellie D. Deano, Interim Accountant
 REVIEWED BY : Hilary M. Straus, Assistant General Manager

OBJECTIVE:

Consider a motion to accept and approve the following:

- Audited financial statements of the Citrus Heights Water District for Year ended December 31, 2015 and related reports (Attachment 1);
- Memorandum on Internal Control and Required Communications for the Year ended December 31, 2015 (Attachment 2).

BACKGROUND AND ANALYSIS:

Accompanying this staff report are the Audited Financial Statements of the District for the year ending December 31, 2015. The Audit was conducted by Maze and Associates, an Accountancy Corporation of Pleasant Hill, California. This is the first year of a five-year engagement for financial auditing services with MAZE & Associates.

The Financial Statements includes the following sections:

- Independent Auditor's Report
- Management Discussion and Analysis
- Basic Financial Statements

The Financial Statements summarize the financial activity in the previous year and net position of the District at December 31, 2015 and provides a narrative explanation in the Management Discussion and Analysis of significant policies, events and activities in the past year. As valuable historical information, these documents are used to identify and track revenue and expenditure trends, evaluate past actions and decisions, and to develop budgets and make future plans and decisions.

The audit shows that the District's financial statements present fairly the financial position of the District and that its accounting practices continue to conform with generally accepted accounting principles. The Management's Discussion and Analysis section contained in Pages 3 through 12 of the Audited Financial Statements, prepared by District management, provides a narrative of financial highlights, an overview of the financial statements and a discussion of economic factors and future budget considerations.

As mentioned in the Management and Discussion Analysis, following are the financial highlights of 2015:

- The District's assets exceeded its liabilities at the end of 2015 by \$55,862,679 as compared to \$55,900,825 in 2014;
- District's Assets in 2015 totaled \$66,958,041 and \$63,292,008 in 2014, or an increase of

\$3,666,033; due mainly to increased capital improvement;

- Liabilities in 2015 amounted to \$10,265,741 and \$7,360,683 in 2014, an increase of \$ 2,905,058;
- Unrestricted net position in 2015 was \$ 4,434,324 and \$ 9,432,200 in 2014;
- Net Income in 2015 was \$3,690,618 and \$2,841,142.

The increase in liabilities resulted in the decrease in net position due mainly to the implementation of Government Accounting Standards Board (GASB) Statement No. 68, which mandated that pension liability and pension-related deferred inflows and outflows be recorded and presented in the financial statements beginning in the year 2015. The new GASB pronouncement also requires the District to make prior period adjustments, which resulted in a reduction of \$3,728,767 in the beginning net position.

GASB 68 requires the presentation of the pension liability directly on the financial statements. This pension liability is nothing new and has always existed. GASB 68 changes how the pension liability is reported in the financial statements. Prior to 2015, the liability is reported as a “footnote” to the financial statements. The pension liability is long-term, and will not require the current use of resources. There are several options the District can consider to fund the pension liability over a period of time. Staff has conducted a survey among PERS members (Attachment 3) and will present the results of the survey in a slide presentation. Maze & Associates will provide the Board with more information about the significance of the GASB 68 reporting requirement during their presentation at the May 10th Board meeting.

RECOMMENDATION:

Approve the Audited Financial Statements for the Year Ended December 31, 2015, and authorize staff to submit the completed Audit Financial Report to the State Controller’s Office.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

ATTACHMENT 1

**CITRUS HEIGHTS WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CITRUS HEIGHTS WATER DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

CITRUS HEIGHTS WATER DISTRICT
6230 Sylvan Rd
Citrus Heights, California 95610
(916) 725-6873 – www.chwd.org

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CITRUS HEIGHTS WATER DISTRICT
Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Citrus Heights Water District (District) as of and for the years ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements (GASB), which became effective during the year ended December 31, 2015 and required a prior period adjustment of net position as discussed in Note 6 to the financial statement:

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The emphasis of these matters 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 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.

Prior Year Comparative Information

Richardson & Company, LLP audited Citrus Heights Water District's 2014 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated April 6, 2015. In their opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Maze + Associates

Pleasant Hill, California
May 2, 2016

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2015

The management of the Citrus Heights Water District (District) intends to present this Management Discussion and Analysis to serve as an introduction to the District's Financial statements and to provide readers with a broad overview of the district's finances and an easier to understand narrative information that may help in interpreting the information presented in the Financial Statements for the year ending December 31, 2015.

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 2015 and its financial position at the close of the year 2015:

- ❖ The District's assets exceeded its liabilities at the end of year 2015 by \$55,862,679. About 91.1 percent of the District's net position, \$ 50,895,005, 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 assets totaled \$4,434,324, down from \$9,432,200 at the end of year 2014. This decrease is due primarily to the implementation of Government Accounting Standards Board (GASB) Pronouncement No. 68. This statement required the District to record an actuarial valuation of its pension obligation and to record certain deferrals of income and expense related to the pension obligation. (See Note 7). It did not however necessitate nor required the immediate funding of the pension liability and did not affect the cash position of the district.
- ❖ Capital improvement spending in year 2015 increased by \$ 3,529,561 as compared with year 2014. Capital improvements capitalized in 2015 amounted to \$2,366,153.
- ❖ The District's operating revenues for 2015 were \$10,884,550. About 91.4 percent of operating revenues, \$9,953,864, came from water sales to customers.

Due to the diminishing water supply and drought conditions, on November 2014 the Board adopted a Water Shortage Rate Structure to encourage reduced water use in a Stage 3 or higher Water Conservation Stage by implementing two additional charges. The first is a Water Shortage Charge that sets a percentage increase on the cost of every unit of water consumed by the customer, the second is an Excess Use Charge in the form of a higher percentage increase on units of water consumed in excess of a specified number of units. As a result, water sales decreased further by 15 percent in 2015 reducing operating revenues even with increased rates. There was a corresponding decrease in water purchase costs, \$1,950,627 in 2015 compared with \$1,984,921 in 2014.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis
December 31, 2015

- ❖ The District's total net long-term liabilities at the end of 2015 including the 2010 Revenue Refunding Certificates of Participation (COPs) and the 2012 Revenue Refunding Bonds, accrued other post-employment benefits (OPEB) and compensated absences, is \$8,950,592. The increase was due mainly to the implementation of GASB 68 which required the recording of pension liability and pension related deferred inflows and outflows which amounted to \$3,358,940. However, liabilities from Bond and COP debt service had decreased by \$736,488 due in large part to a reduction in principal on debt during 2015 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.

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 District's financial statements are prepared in conformity with generally accepted accounting principles 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 Assets. 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.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2015

Balance Sheet

As of December 31, 2015, the total net position of the District was \$55,862,679. The following table summarizes assets, deferred outflows, liabilities, deferred inflows and net assets at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Current assets, unrestricted	\$ 10,687,841	\$ 11,897,541
Restricted cash and cash equivalents	533,350	536,963
Capital assets, net	55,206,322	50,782,462
Deferred outflows	530,528	75,042
Total Assets and Deferred Outflows	<u>66,958,041</u>	<u>63,292,008</u>
Current Liabilities	1,675,151	1,601,576
Non-current liabilities	8,590,592	5,759,107
Deferred Inflows	829,619	30,497
Total Liabilities and Deferred Inflows	<u>11,095,362</u>	<u>7,391,180</u>
Net Position		
Net investment in capital assets	50,895,005	45,931,665
Restricted for debt service	533,350	536,963
Unrestricted	4,434,324	9,432,200
Total Net Position	<u>\$55,862,679</u>	<u>\$55,900,828</u>

The District's net position reflects restrictions imposed as a condition of its Certificates of Participation debt. The remaining net position is unrestricted.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2015

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended December 31, 2015 and 2014:

	2015	2014
Operating revenues	\$ 10,884,550	\$ 11,331,301
Operating expenses:		
Customer service, administration and general	2,514,087	2,752,172
Water purchases	1,950,627	1,984,921
Transmission and distribution	1,239,387	1,282,941
Pumping and well maintenance	132,842	239,344
Water demand management (Conservation)	186,114	99,235
Depreciation and amortization	2,098,944	2,003,488
Total operating expenses	8,122,001	8,362,101
Operating income	2,762,549	2,969,200
Net non-operating revenues (expenses)	(120,929)	(197,616)
Net income before capital contributions	2,641,620	2,771,584
Capital contributions:		
Contributed (donated) assets	438,567	59,248
Grant Revenue	610,431	10,310
Total capital contributions	1,048,998	69,558
Change in net position	3,690,618	2,841,142
Net position, beginning of year	55,900,828	53,059,686
Prior period adjustment	(3,728,767)	
Net position, end of year	\$ 55,862,679	\$ 55,900,828

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2015

Net position increased \$3,690,618, or 6.6 percent from the prior year. Operating revenue that exceeded operating expenses by \$2,762,549 accounts for the increase in net assets, and most of these funds were expended for the construction of capital improvements or set aside for that purpose. The receipt of \$438,567 in donated assets from private developer additions to the District's water distribution system accounted for about 11.9 percent of the increase in net assets.

Prior Period Adjustment: The implementation of GASB Statement No. 68 & GASB Statement No. 71 required the District to make prior period adjustments. As a result, the beginning net positions of the Business-Type Activities were reduced by \$3,728,767.

Total operating revenues decreased by \$446,751 or 3.9 percent from the prior year despite an increase in water rates for 2015. This was due to a decrease in water sales. Water consumption by District customers decreased by 15 percent in 2015 compared with consumption in 2014. With a fourth year of drought conditions in California, water supplies in the State became a serious concern.

On April 7, 2015 the State Water Resource Control Board and Governor Brown mandated water conservation regulations with CHWD assigned a 32 % water use reduction target. In response the CHWD Board of Directors adopted a resolution on May 12, 2015 to enact Stage "4" Water Crisis Long Term Mandatory Requirements and approved a Water Conservation Plan which included the implementation of the Water Shortage Rate Structure approved by the Board on November 19, 2014.

Operating expenses also decreased in 2015 by \$240,100, a 2.9 percent reduction compared with 2014. A decreased cost for water purchases for 2015, \$34,294 compared with purchases in 2014, resulted from the reduction in water consumption by District customers and decreased groundwater production from the District's wells. Water Demand management expenses increased by \$86,879; 87.5 percent compared to 2014 . On May 12, 2015, as part of the District's adopted measure in response to the water crisis, the Board of Directors approved a budget amendment of \$146,000 for conservation related expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2015, the District's investment in capital assets, net of related debt, was \$50,895,005, 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.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2015

Replacement of aging pipelines and water service connections throughout the District's system continued to represent the majority of the \$6.5 million additions to the District's capital assets in 2015. A number of private development projects resulted in the addition of \$438,567 in donated capital assets.

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

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 during 2015, principal on its collective debt was reduced by \$520,000 during the year. The District's total debt from its COP and Bond issuances now stands at approximately \$4.55 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 \$351,315 at the end of 2015, a decrease from the 2014 year-end amount of \$373,174. This reduction was due primarily to cash payments for accrued leave balances during the year to one retiring employee.

The accrual for other post-employment benefits (OPEB) increased by \$60,013 in 2015 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.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis
December 31, 2015

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District continued to exercise fiscal restraint in budgeting for District operations in 2016, with an overall increase of 12.1 percent compared with the 2015 Operating Budget. This budget includes:

- ❖ Maintaining the current level of services and programs for District customers;
- ❖ A 7.5% aggregate increase in per-unit cost of treated surface water cost from San Juan Water District. The projected quantity of water estimated to be purchased for surface water is reduced to 12,000 AF, which is lower than the budgeted 2015 water purchase. This reduction is due to the forecast that drought conditions will continue into 2016
- ❖ Employee benefit cost decrease of about \$130,000. A number of factors contribute to the overall decrease including new employees whose CalPERS contribution rates are lower, lower total Healthcare premiums as a result of new employees replacing long-term employees who were at higher premium points, an increase of 12% in Healthcare premium costs and an decrease of 15% in the District's CalPERS employer contribution rate.
- ❖ \$2.10 million in transfers to the Capital Improvement and Depreciation Reserves. This reflects a transfer of \$100,000 to replenish the Rate Stabilization Reserve, approximately \$1 million to the Depreciation Reserve per the Board's policy of transferring one-half the amount of the prior year's calculated depreciation into this Reserve, and a \$1 million transfer to the Capital Improvement Reserve.

A 2016 Operating Budget Summary (see Page 11) is intended 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 2016 are about \$3.56 million compared with \$9.96 million in 2015. This amount includes about \$1.38 million in carry-over projects from prior years and about \$2.18 million in new projects for 2016.

- Replacement of and upgrades and new fire hydrants for \$150,000, three water main replacement or installation projects, scheduled to start design, will be undertaken in 2016 with construction targeted for 2017 at a total cost of \$883,000.
- Operations equipment replacements and new equipment totaling \$32,200 are planned for 2016.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2015

- Carryover of Upgrades /Replacements to the District's billing and accounting software and purchase of a replacement color printer for the Administration department for a total of \$50,000 and \$250,000 for the Document Management Plan for 2016.
- Additional transfers to CIP Reserves for buildup of funds towards Meter Replacements at the end of their useful life projected to start in 2020.

A 2016 Capital Projects Budget Summary (See Page 12) is intended 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 \$740,263 for 2016, representing about 6.5 percent of the District's 2016 Operating Budget.

The District's Board of Directors levied a water rate increase designed to achieve an overall increase in water rate revenues of 14.00 percent for 2016. The District utilized a detailed cost-of-service and financial plan study set in place in 2013 to determine the increase taking into consideration the State-wide severe drought. The increase in revenues resulting from the 2016 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 265 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. The financial plan adopted by the Board of Directors in 2013 considered water rate increases in the 3 percent range every year through 2018. However, water rates for years beyond 2016 have not been adopted by the Board of Directors.

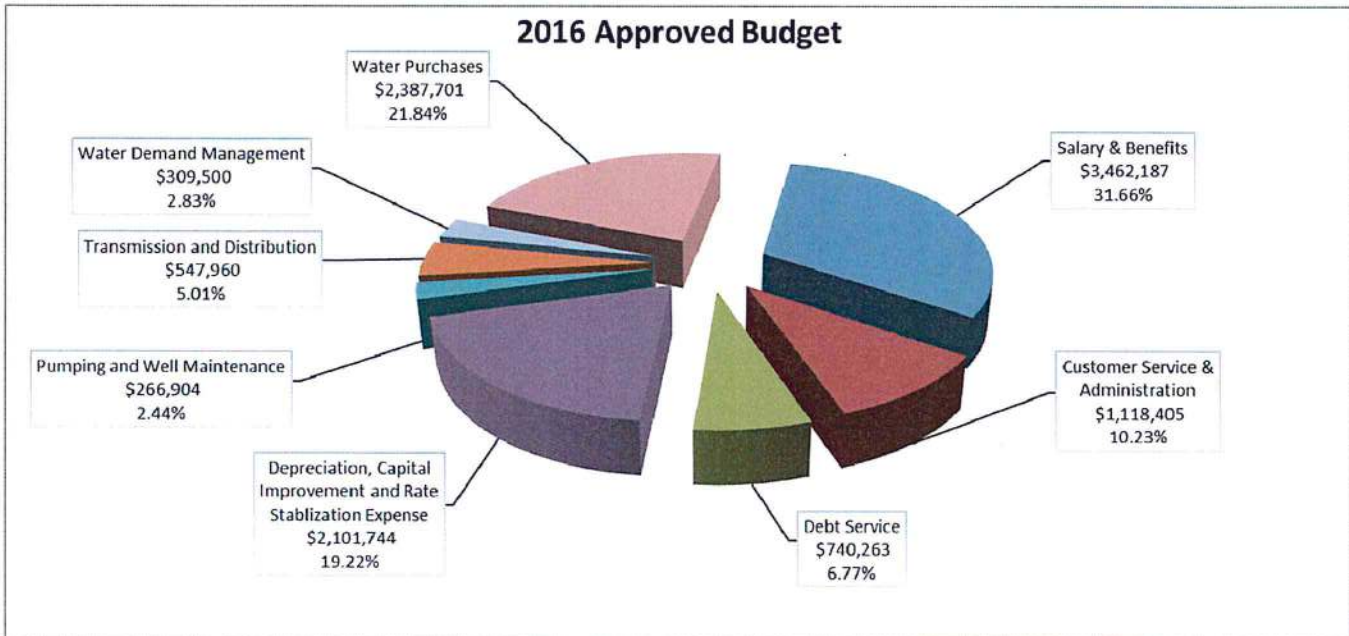
CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis
December 31, 2015

CITRUS HEIGHTS WATER DISTRICT 2016 OPERATING BUDGET SUMMARY

Adopted: November 17, 2015

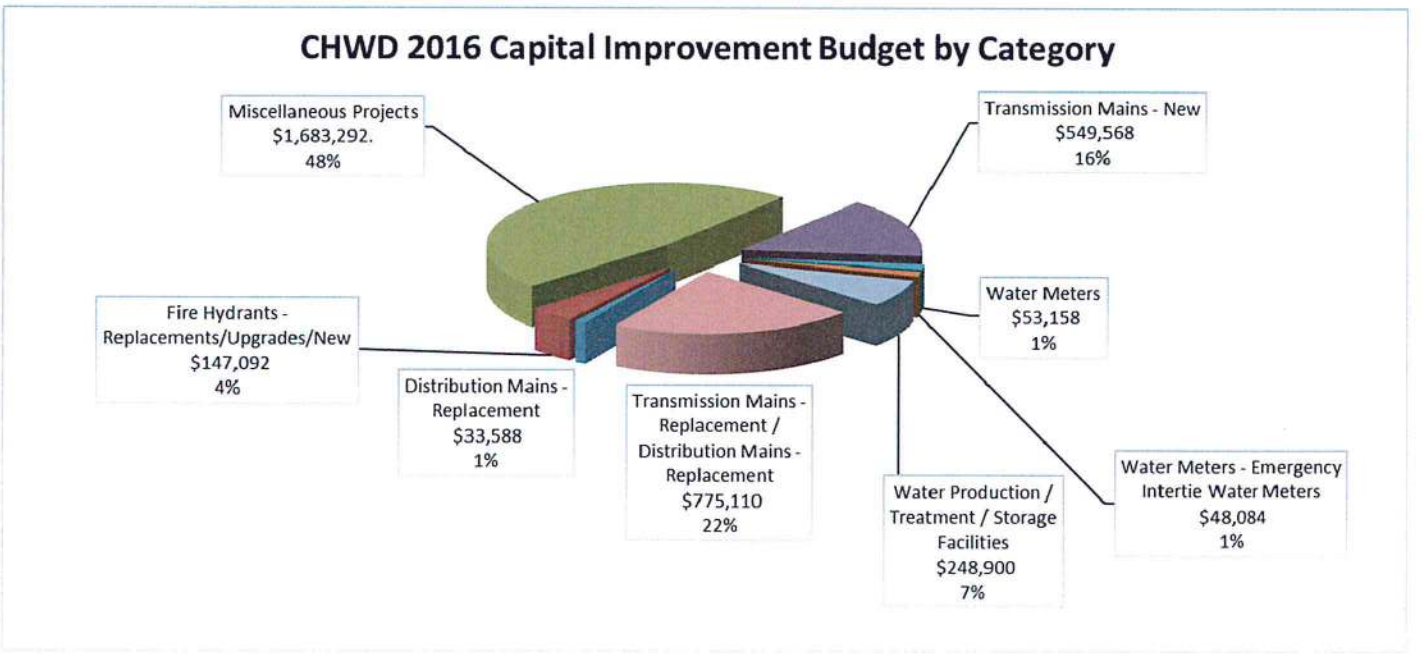
<i>Expense Category</i>	<i>2015 Budget</i>	<i>2016 Approved Budget</i>	<i>% Change 2015 vs. 2016</i>
Salary & Benefits	\$ 3,005,484	\$ 3,462,187	15.20%
Customer Service & Administration	\$ 788,472	\$ 1,118,405	41.84%
Debt Service	\$ 736,488	\$ 740,263	0.51%
Depreciation, Capital Improvement and Rate Stabilization Expense	\$ 1,949,000	\$ 2,101,744	7.84%
Pumping and Well Maintenance	\$ 200,723	\$ 266,904	32.97%
Transmission and Distribution	\$ 496,406	\$ 547,960	10.39%
Water Demand Management	\$ 280,195	\$ 309,500	10.46%
Water Purchases	\$ 2,295,483	\$ 2,387,701	4.02%
	\$ 9,752,249	\$ 10,934,664	12.12%



CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis
December 31, 2015

Citrus Heights Water District				
2016 CAPITAL PROJECTS BUDGET SUMMARY				
Adopted: November 17, 2015				
Category	2015 Adopted Budget	2016 Adopted Budget	2017 Projected Expense	Total Project Budget
Distribution Mains - Replacement	906,927	33,588	1,321,564	1,382,654
Fire Hydrants - Replacements/Upgrades/New	173,738	147,092	-	147,092
Miscellaneous Projects	1,961,506	1,683,292	525,000	2,133,292
Transmission Mains - New	1,082,423	549,568	-	970,286
Water Meters	28,441	53,158	-	53,158
Water Meters - Emergency Intertie Water Meters	73,010	48,084	-	48,084
Water Production / Treatment / Storage Facilities	351,829	248,900	-	348,900
Transmission Mains - Replacement / Distribution Mains - Replacement	-	775,110	-	775,110
Grand Total	\$ 4,577,873	\$ 3,538,792	\$ 1,846,564	\$ 5,858,576



Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and investments (Note 2)	\$7,442,908	\$9,240,707
Restricted - cash and investments (Note 2)	533,350	536,963
Accounts receivable, net	1,968,889	1,901,082
Due from other governments	601,211	1,173
Accrued interest receivable	4,933	4,186
Inventory	276,913	297,799
Prepaid expenses and other deposits	392,987	452,594
Total current assets	11,221,191	12,434,504
NON-CURRENT ASSETS		
Non-depreciable capital assets (Note 3)	7,364,340	3,367,340
Depreciable capital assets, net (Note 3)	47,841,982	47,415,122
Total non-current assets	55,206,322	50,782,462
TOTAL ASSETS	66,427,513	63,216,966
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from refunding debt	61,991	75,042
Pension related (Note 7)	468,537	
TOTAL DEFERRED OUTFLOWS	530,528	75,042
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$66,958,041	\$63,292,008
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$417,678	\$496,440
Retentions payable	119,613	21,824
Accrued payroll	46,030	29,812
Accrued interest payable	64,259	73,557
Deposits payable	337,609	300,771
Current portion of long-term liabilities:		
Compensated absences (Note 4)	144,962	159,172
Long-term debt (Note 4)	545,000	520,000
Total current liabilities	1,675,151	1,601,576
NON-CURRENT LIABILITIES		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 4)	206,353	214,002
Long-term debt (Note 4)	4,332,486	4,912,305
Net pension liability (Note 7)	3,358,940	
Net OPEB obligation (Note 8)	692,813	632,800
Total non-current liabilities	8,590,592	5,759,107
TOTAL LIABILITIES	10,265,743	7,360,683
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from refunding debt	29,172	30,497
Pension Related (Note 7)	800,447	
TOTAL DEFERRED INFLOWS	829,619	30,497
NET POSITION (Note 6)		
Net investment in capital assets	50,895,005	45,931,665
Restricted for debt service	533,350	536,963
Unrestricted	4,434,324	9,432,200
TOTAL NET POSITION	55,862,679	55,900,828
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$66,958,041	\$63,292,008

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, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
Water sales	\$9,953,864	\$10,171,473
Connection and other fees	930,686	1,159,828
Total operating revenues	10,884,550	11,331,301
OPERATING EXPENSES		
Customer service, administration and general	2,514,087	2,752,172
Water purchases	1,950,627	1,984,921
Transmission and distribution	1,239,387	1,282,941
Pumping and well maintenance	132,842	239,344
Conservation	186,114	99,235
Depreciation and amortization	2,098,944	2,003,488
Total operating expenses	8,122,001	8,362,101
OPERATING INCOME	2,762,549	2,969,200
NONOPERATING REVENUES (EXPENSES)		
Investment income	19,093	15,547
Miscellaneous income	28,606	12,716
Interest expense	(173,462)	(195,210)
(Loss) gain on disposal of capital assets	4,834	(30,669)
Total nonoperating revenues (expenses)	(120,929)	(197,616)
Net income (loss) before capital contributions	2,641,620	2,771,584
CAPITAL CONTRIBUTIONS		
Grant revenue	610,431	10,310
Capital contributions	438,567	59,248
Total capital contributions	1,048,998	69,558
CHANGES IN NET POSITION	3,690,618	2,841,142
NET POSITION, BEGINNING OF YEAR	55,900,828	53,059,686
Prior period adjustment (Note 6)	(3,728,767)	
NET POSITION, END OF YEAR	\$55,862,679	\$55,900,828

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$10,914,532	\$11,346,706
Cash paid to suppliers for goods and services	(5,201,318)	(4,342,498)
Cash paid to employees for services	(1,355,774)	(1,904,291)
Cash Flows from Operating Activities	4,357,440	5,099,917
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from other net operating income	28,606	21,853
Cash Flows from Noncapital Financing Activities	28,606	21,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant revenues	610,431	
Acquisition and construction of capital assets	(6,084,237)	(5,224,550)
Proceeds from sale of capital assets	4,834	50,450
Principal payments on long-term debt	(554,819)	(510,000)
Interest payments on long-term debt	(182,760)	(231,150)
Cash Flows (used for) Capital and Related Financing Activities	(6,206,551)	(5,915,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	19,093	15,564
Cash Flows from Investing Activities	19,093	15,564
NET CASH FLOWS	(1,801,412)	(777,916)
Cash, beginning of year	9,777,670	10,555,586
Cash, end of year	\$7,976,258	\$9,777,670
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$7,442,908	\$9,240,707
Restricted - cash and cash equivalents	533,350	536,963
Total cash and cash equivalents	\$7,976,258	\$9,777,670

(Continued)

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income from operations	\$2,762,549	\$2,969,200
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,098,944	2,003,488
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(67,807)	(21,467)
Inventory	20,886	16,844
Prepaid expenses and other assets	(541,178)	(41,062)
Deferred amount from refunding of debt	13,051	
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(78,762)	78,506
Accrued payroll	16,218	(10,007)
Deposits payable	36,838	36,872
Retentions payable	97,789	
Accrued other postemployment benefits	60,013	97,800
Compensated absences	(21,859)	(31,582)
Deferred amount from refunding of debt	(1,325)	1,325
(Decrease) increase in net pension liability and related deferred inflows and outflows	(37,917)	
Net cash provided by operating activities	\$4,357,440	\$5,099,917
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Receipt of contributed assets	\$438,567	\$59,248

See accompanying notes to financial statements

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CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

**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.

Some water lines are constructed by private developers and then donated to, and accepted by, 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, 2015 and 2014**

**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.

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.

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 the Local Agency Investment Fund (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.

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on an average cost basis.

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

Capital Assets: Capital assets are recorded at historical cost. Donated assets are valued at estimated fair value on the date accepted. 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

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

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

Depreciation expense aggregated \$2,085,894 and \$1,990,437 for the years ended December 31, 2015 and 2014, 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 \$1,000 for tangible personal property and \$3,000 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 statement of financial position or 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 statement of financial position or 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.

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's. 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, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

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

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of December 31, 2015 and 2014 are classified in the accompanying financial statements as follows:

	2015	2014
Cash and investments	\$7,442,908	\$9,240,707
Restricted cash and investments	533,350	536,963
Total cash and investments	\$7,976,258	\$9,777,670

Cash and investments as of December 31, 2015 and 2014 consisted of the following:

	2015	2014
Cash on hand	\$550	\$550
Deposits with financial institutions	2,900,318	2,716,364
Total cash	2,900,868	2,716,914
Investments in Local Agency Investment Fund (LAIF)	4,542,040	6,523,793
Held by fiscal agent:		
Money market mutual fund	533,350	536,963
Total investments	5,075,390	7,060,756
Total cash and investments	\$7,976,258	\$9,777,670

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, 2015, the District's permissible investments included the following instruments:

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS (Continued)

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
Repurchase Agreements	92 days	20%	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

* Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

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 investment 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 current 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.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		\$4,542,040	\$4,542,040
Held by bond trustee:				
Money market mutual funds	AAAm	\$533,350		533,350
		<u>\$533,350</u>	<u>\$4,542,040</u>	<u>\$5,075,390</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 50% 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.

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 obligation, 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, 2015, these investments matured in an average of 179 days.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2015 and 2014 are as follows:

	Balance December 31, 2014	Additions	Retirements	Transfers	Balance December 31, 2015
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	2,385,577	5,988,412		(1,991,412)	6,382,577
Total capital assets not being depreciated	<u>3,367,340</u>	<u>5,988,412</u>		<u>(1,991,412)</u>	<u>7,364,340</u>
Capital assets being depreciated:					
Improvements	55,847				55,847
Pipelines and infrastructure	53,532,988		(32,029)	1,991,412	55,492,371
Equipment and machinery	2,967,081	82,774			3,049,855
Buildings and improvements	1,466,585				1,466,585
Well improvements	4,858,478				4,858,478
Donated pipelines	16,064,286	438,568			16,502,854
Total capital assets being depreciated	<u>78,945,265</u>	<u>521,342</u>	<u>(32,029)</u>	<u>1,991,412</u>	<u>81,425,990</u>
Less accumulated depreciation for:					
Improvements	(36,310)	(782)			(37,092)
Pipelines and infrastructure	(18,652,289)	(1,335,710)	32,029		(19,955,970)
Equipment and machinery	(2,145,024)	(168,865)			(2,313,889)
Buildings and improvements	(698,711)	(39,494)			(738,205)
Well improvements	(1,167,287)	(124,799)			(1,292,086)
Donated pipelines	(8,830,522)	(416,244)			(9,246,766)
Total accumulated depreciation	<u>(31,530,143)</u>	<u>(2,085,894)</u>	<u>32,029</u>		<u>(33,584,008)</u>
Total capital assets being depreciated, net	<u>47,415,122</u>	<u>(1,564,552)</u>		<u>1,991,412</u>	<u>47,841,982</u>
Capital Assets, net	<u>\$50,782,462</u>	<u>\$4,423,860</u>			<u>\$55,206,322</u>

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance December 31, 2013	Additions	Retirements	Transfers	Balance December 31, 2014
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	1,261,705	2,140,051		(1,016,179)	2,385,577
Total capital assets not being depreciated	2,243,468	2,140,051		(1,016,179)	3,367,340
Capital assets being depreciated:					
Capacity entitlements	5,636,711				5,636,711
Improvements	55,847				55,847
Pipelines and infrastructure	44,280,594	2,758,687	(159,183)	1,016,179	47,896,277
Equipment and machinery	2,904,443	236,327	(173,689)		2,967,081
Buildings and improvements	1,466,585				1,466,585
Well improvements	4,747,168	111,310			4,858,478
Donated pipelines	16,005,039	59,247			16,064,286
Total capital assets being depreciated	75,096,387	3,165,571	(332,872)	1,016,179	78,945,265
Less accumulated depreciation for:					
Capacity entitlements	(1,684,579)				(1,684,579)
Improvements	(35,527)	(783)			(36,310)
Pipelines and infrastructure	(15,807,753)	(1,254,637)	94,680		(16,967,710)
Equipment and machinery	(2,144,421)	(157,676)	157,073		(2,145,024)
Buildings and improvements	(658,699)	(40,012)			(698,711)
Well improvements	(1,044,132)	(123,155)			(1,167,287)
Donated pipelines	(8,416,348)	(414,174)			(8,830,522)
Total accumulated depreciation	(29,791,459)	(1,990,437)	251,753		(31,530,143)
Total capital assets being depreciated, net	45,304,928	1,175,134	(81,119)	1,016,179	47,415,122
Capital Assets, net	\$47,548,396	\$3,315,185	(\$81,119)		\$50,782,462

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 (CTP) project owned by San Juan Water District. The asset is being amortized over the pipeline estimated useful life of forty years.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

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.

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, 2015 and 2014 was as follows:

	Balance December 31, 2014	Additions	Retirements	Balance December 31, 2015	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$2,980,000		(\$450,000)	\$2,530,000	\$470,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	2,095,000		(70,000)	2,025,000	75,000
Less: Unamortized premiums	357,305		(34,819)	322,486	
	5,432,305		(554,819)	4,877,486	545,000
Net OPEB obligation	632,800	\$101,648	(41,635)	692,813	
Compensated absences	373,174	130,212	(152,071)	351,315	144,962
Total Long-Term Debt	\$6,438,279	\$231,860	(\$748,525)	\$5,921,614	\$689,962

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 4 – LONG-TERM LIABILITIES (Continued)

	Balance December 31, 2013	Additions	Retirements	Balance December 31, 2014	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$3,415,000		(\$435,000)	\$2,980,000	\$450,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	2,170,000		(75,000)	2,095,000	70,000
Less: Unamortized premiums	392,125		(34,820)	357,305	
	5,977,125		(544,820)	5,432,305	520,000
Net OPEB obligation	535,000	\$123,901	(26,101)	632,800	
Compensated absences	404,756	41,639	(73,221)	373,174	159,172
Total Long-Term Debt	\$6,916,881	\$165,540	(\$644,142)	\$6,438,279	\$679,172

The annual requirements to amortize the outstanding debt as of December 31, 2015 are as follows:

Fiscal Year Ending June 30,	2010 Certificates of Participation			2012 Revenue Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$470,000	\$101,200	\$571,200	\$75,000	\$95,188	\$170,188
2017	485,000	82,400	567,400	80,000	92,938	172,938
2018	505,000	63,000	568,000	80,000	89,738	169,738
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
2021-2025				520,000	347,638	867,638
2026-2030				635,000	223,913	858,913
2031-2033				460,000	49,088	509,088
Total	\$2,530,000	\$311,200	\$2,841,200	\$2,025,000	\$1,068,225	\$3,093,225

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 \$3,093,225 and \$3,211,869 at December 31, 2015 and 2014, 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 \$2,841,200 and \$3,410,400 at December 31, 2015 and 2014, respectively.

Total principal and interest paid on all debt payable from net revenues was \$736,488 and \$739,660 and the total water system net revenues were \$4,097,531 and \$4,926,354 for the years ended December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, the District's net revenues were 556% and 666% of debt service payments, respectively.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

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 District arbitrage liability at December 31, 2015 and 2014.

NOTE 6- NET POSITION

Prior Period Adjustment: The implementation of GASB Statement No. 68 & GASB Statement No. 71 required the District to make prior period adjustments. As a result, the beginning net positions of the Business-Type Activities were reduced by \$3,728,767. See Note 7 for additional information.

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, 2015 and 2014 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 reserve 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.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

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

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. 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 Plans’ provisions and benefits in effect at December 31, 2015, are summarized as follows:

	Tier 1	Miscellaneous Tier 2	Tier 3
	Prior to January 1, 2013	On or after 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 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.0%	6.5%
Required employer contribution rates	20.6%	20.6%	8.0%

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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended December 31, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	
	Tier 1	Tier 2
Contributions - employer	\$405,696	\$31,543
Contributions - employee (paid by employer)	123,058	20,921

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

As of December 31, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Tier 1	\$3,353,100
Miscellaneous Tier 2	5,840
Total Net Pension Liability	<u>\$3,358,940</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2
Proportion - June 30, 2013	0.12690%	0.00024%
Proportion - June 30, 2014	0.13567%	0.00024%
Change - Increase (Decrease)	0.00877%	0.00000%

CITRUS HEIGHTS WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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For the year ended December 31, 2015, the District recognized pension expense of \$37,917. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$461,077	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		\$791,928
Adjustment due to differences in proportions	7,460	8,519
Total	\$468,537	\$800,447

The \$461,077 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$198,361
2017	198,361
2018	198,283
2019	197,982

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous
	Tier 1 and Tier 2
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	Depending on age, service and type of employment
Investment Rate of Return	7.5% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% 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 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent 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.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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.

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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

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 each Plan, calculated using the discount rate for each 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:

	<u>Miscellaneous Tier 1</u>	<u>Miscellaneous Tier 2</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$5,323,643	\$10,405
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$3,353,100	\$5,840
1% Increase	8.50%	8.50%
Net Pension Liability	\$1,717,737	\$2,051

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 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The District administers a single-employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The District offers retirees the option to obtain coverage under the same medical plans as its active employees if such coverage is offered by the health insurer. Employees become eligible to retire and receive healthcare benefits with at least 20 years of service to the District. The OPEB Plan does not issue a publicly available financial report.

Funding Policy: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements. For 2015 and 2014, the District contributed \$30,352 and \$26,101 respectively, to the plan.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation: The District’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for 2015 and 2014, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the OPEB plan:

	2015	2014
Normal Cost	\$40,342	\$61,705
Amortization of unfunded Actuarial Accrued Liability (AAL)	61,306	62,118
Annual required contribution	101,648	123,823
Interest and amortization of net OPEB obligation	(11,283)	78
Contributions made (premium payments made)	(30,352)	(26,101)
Change in net OPEB obligation	60,013	97,800
Net OPEB obligation, beginning of year	632,800	535,000
Net OPEB obligation, end of year	\$692,813	\$632,800

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 were as follows:

Year Ended	Annual OPEB	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$116,890	14.39%	\$535,000
December 31, 2014	123,823	21.08%	632,800
December 31, 2015	101,648	29.86%	692,813

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

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, 2015 totaling \$1,164,971 related to construction work.

NOTE 10 – ECONOMIC DEPENDENCY

During 2015 and 2014, the District purchased 91.57% and 84.86%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2015 and 2014 was \$1,950,627 and \$1,984,921. In addition, the District owns water transmission capacity entitlements through the Cooperative Transmission Pipeline (CTP) 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:

<u>Type of Coverage (Deductible)</u>	<u>ACWA/ JPIA</u>	<u>Commercial Insurance</u>	<u>Deductible</u>
General and Auto Liability (Includes Public Officials Liability)	\$2,000,000	Statutory	None
Property Damage	100,000	150,000,000	25,000-50,000
Crime	100,000	None	1,000
Workers Compensation Liability	2,000,000	Statutory	None
Employers Liability	2,000,000	Statutory	None

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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Required Supplementary Information

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2015 and 2014

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
 As of fiscal year ending December 31, 2015
 Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	<u>Miscellaneous</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
	<u>6/30/2014</u>	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability/Asset	0.05389%	0.00009%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$3,353,100	\$5,840
Plan's Covered-Employee Payroll	\$1,909,003	\$220,884
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	175.65%	2.64%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	77.43%	83.03%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2015 and 2014

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
As of fiscal year ending December 31, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	Miscellaneous	
	Tier 1	Tier 2
	Fiscal Year 2014-2015	Fiscal Year 2014-2015
Actuarially determined contribution	\$ 405,696	\$ 31,543
Contributions in relation to the actuarially determined contributions	(405,696)	(31,543)
Contribution deficiency (excess)	\$ -	\$ -
 Covered-employee payroll	\$ 1,909,003	\$ 220,884
 Contributions as a percentage of covered-employee payroll	21.25%	14.28%
Notes to Schedule		
Valuation date:	6/30/2013	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
 Inflation	 2.75%
Salary increases	3.30% to 14.20% depending on age, service and type of employment
Investment rate of return	7.5%, net of pension plan investment and administrative expenses,
Retirement age	55 yrs. Misc.Tier 1 & Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2015 and 2014

Schedule of Funding Status – Other Post-Employment Benefits Obligation (OPEB)

Funded Status and Funding Progress of the Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of/Covered Payroll ((B-A)/C)
December 31, 2009	\$0	\$1,449,500	\$1,449,500	\$0	\$2,154,000	67.29%
December 31, 2012	0	1,414,800	1,414,800	0	2,266,500	62.42%
January 1, 2015	0	1,060,112	1,060,112	0	2,602,804	40.73%

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is based on the District’s own investments. The annual healthcare-cost trend rates are 5.0%-8.0% for 2015 through 2018+ respectively. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	January 1, 2015
Actuarial cost method	Projected unit credit method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 years as of the valuation date
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increase	0.00%
Inflation rate	3.00%
Health care cost trend rates	5.00% - 8.00%

ATTACHMENT 2

CITRUS HEIGHTS WATER DISTRICT MEMORANDUM ON INTERNAL CONTROL FOR THE YEAR ENDED DECEMBER 31, 2015

CITRUS HEIGHTS WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

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**CITRUS HEIGHTS WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended December 31, 2015

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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, 2015, 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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and that were not identified. 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

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.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
May 2, 2016

MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF SIGNIFICANT DEFICIENCIES

2015 – 01: Review of Journal Entries

Criteria: Journal entries are an important transaction cycle that affects all aspects of accounting and financial reporting. Prudent internal control concepts dictate that no single employee should process a transaction without the involvement of another employee. For journal entries, this typically takes the form of a second employee performing a review and approving the proposed entry prior to posting. The review and approval should be documented by a reviewer signing and dating the journal entry to ensure that their review has been completed and the entry is approved in a timely manner.

Condition: During the interim phase of the audit, Maze selected 21 journal entries to test for segregation of duties and approval. This includes the reviewer being someone other than the preparer; and audit evidence being present on the journal entries indicating such. Through our testing, we noted one journal entry was prepared and reviewed by the same employee. Additionally, we noted five journal entries did not include audit evidence which would signify someone other than the preparer reviewed the journal entries.

Cause: The District simply overlooked having two individuals prepare and review its journal entries.

Effect: Failure to adhere to a defined journal entry approval process could result in entries being entered into the system inappropriately and incorrectly, increasing the chances of reporting inaccurate financial information.

Recommendation: We recommend all journal entries be signed and dated for review in a timely manner. We also recommend the District implement controls for posting journal entries within the accounting software which would not allow one user to have the ability to prepare and post journal entries without a second approver.

Management's Response: During the final phase of the audit, it was noted the District has begun ensuring all journal entries are reviewed by someone other than the reviewer, and back-up is attached to each journal entry. Entries also appear to be prepared and reviewed in a timely manner.

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2015 – 02: Fixed Asset Policy Update

Criteria: Under the District's Fixed Asset Policy, Section 6700.20 - Depreciation of Fixed Assets, it stipulates the "Fleet Equipment" classification should be depreciated over five years.

Condition: During the final phase of the audit, Maze recalculated the District's depreciation expense of its capital assets to determine if it was reasonable or not. While performing the test for the fleet equipment, it appeared that on average, the useful life was ten years.

Cause: Upon inquiry with the finance staff, the District feels ten years is a better reflection of the useful life of its cars and fleet than the policy stated five years.

Effect: The District is not in compliance with its published Fixed Asset Policy.

Recommendation: We recommend the District update its Fixed Asset Policy to reflect its current depreciation practice for fleet equipment; or follow a five year depreciation schedule for all assets in the Fleet Equipment category as the Fixed Asset Policy currently states.

Management's Response: The District intends to present an amendment to the Board to update its Fixed Asset Policy to reflect the useful life of ten years for its fleet equipment.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We have cited them here to keep you abreast of developments:

Effective in fiscal year 2016

GASB 72 – *Fair Value Measurement and Application*

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

Effective in fiscal year 2017:

GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

GASB 77 – Tax Abatement Disclosures

This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues.

Effective in fiscal year 2018:

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment 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 postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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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, 2015. 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 described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should 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 pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The pronouncement became effective, and as disclosed in Note 6 to the financial statements required a prior period adjustment for the cumulative effect on the financial statements.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine *all* such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The pronouncement became effective, and as disclosed in Note 6 to the financial statements required a prior period adjustment for the cumulative effect on 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 Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension assets and 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 Liability: Management's estimate of the net OPEB liability is disclosed in Note 8 to the financial statements and is based on actuarial study determined by a consultant, which is 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 Fair Value of Investments: As of December 31, 2015, the District held \$8 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, 2015. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to December 31, 2015.

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.

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated May 2, 2016.

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.

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
May 2, 2016

ATTACHMENT 3
GASB 68 SURVEY RESULTS

GASB 68
SURVEY RESULTS
April-16

	Due to implementation of GASB 68, how is your agency paying for the liability?	Are reserves being funded, extra payments being made, or possibly debt issued?	What steps are being taken NOW to ensure this liability is paid off in the future?	Any advice would be greatly appreciated.
City of San Juan Capistrano	WE have not changed our funding. WE still are paying our current required contribution and have not begun funding the UAAL at this time	Extra payments being made, or possibly debt issued.		
City of Pasadena	Nothing different than making the regular PERS payments.	No	Keep paying the required PERS rate	Issuing debt to pay this could be disastrous. This liability amount was never intended to be funded overnight. The purpose of GASB 68 is to show on your financials the pension liability that exists, not fully fund that liability overnight.
City of Turlock	My understanding of GASB 57 is that it is just a change of financial reporting, not a change in funding requirements. WE are in CALPERS and we will continue to make our required annual contributions based on the actuary report that comes out each fall for this purpose. If we decide to make a prepayments (payments in addition to the required annual contribution) we would make that decision based on sound economic reasons-not because of GASB 68.			
Silicon Valley Clean Water	Since 2011, we have been setting aside around \$600 per employee per month into a trust account with CalPERS California Employer's Retiree Benefit Trust (CERBT). This is an actuarially determined amount that will allow us to fully fund the OPEB liability before 2020. We3 budget the amount each year.			
Regional Government Services	Prefunding and changing most employees to HRAs	Entire 68 projected liability funded	Already funded	Leave PERS Medical and provided HRAs
McKinleyville Community Services Dis	Our Board recently passed a staff-proposed plan to gradually fund reserves ahead of CalPERS amortization. We built in some flexibility to accommodate possible future economic or financial turmoil, and will likely move those funds to an irrevocable Section 115 trust as sufficient is collected to make that a viable option.			

GASB 68
 SURVEY RESULTS
 April-16

	Due to implementation of GASB 68, how is your agency paying for the liability?	Are reserves being funded, extra payments being made, or possibly debt issued?	What steps are being taken NOW to ensure this liability is paid off in the future?	Any advice would be greatly appreciated.
City of Mission Viejo	In addition to that portion of the annual ARC that is specifically for the amortization of the unfunded liability the city made a special payment of \$1.5 million toward the UAL last June.	So far 1 extra payment of \$1.5 million directly to CalPERS. No debt and most likely that would never be considered. We are currently trying to get a trust set up with an initial \$5M investment.	We always pay 100% of our ARC.	
League of CA Cities	Is your District a member of a pooled CalPERS plan? If so, it is, it is, understanding that you cannot liquidate the unfunded liability, at least not the main portion of it. Her at the League, we liquidated the side fund portion a couple of years ago, but were told that we could not liquidate the remainder. Even if you could, you cannot guarantee that the District doesn't end up with more unfunded liability, as it is the product of several factors, including whether CalPERS is able to achieve their investment goals. Therefore, your unfunded liability can swing widely either way from year to year.			

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : STRATEGIC PLANNING
 STATUS : Action Item
 REPORT DATE : May 2, 2016
 PREPARED BY : Hilary Straus, Assistant General Manager

OBJECTIVE:

Consider dates to schedule the Strategic Planning Session.

BACKGROUND AND ANALYSIS:

Beginning with the 2017 budget process, CHWD is initiating an annual Strategic Planning process. The goal of Strategic Planning is to bring the Board of Directors and key District staff together to identify and prioritize the District’s key policy, program and project issues, and to identify what items, given limited resources (i.e., funding, time and staffing resources) the District should be working on over and above daily operations in the coming year.

The goal is to initiate the annual budget process with a Strategic Planning Session so that the budget for the coming year reflects the results of the Strategic Plan.

The Strategic Planning process has three major components: 1) Education; 2) Team Building; 3) Work Program Development. The following table summarizes the Strategic Planning Process:

Item	Proposed Date	Who	Where
Education —Tour of Water Treatment Plant, CHWD Wells/Facilities/Infrastructure & Key Project Locations in the CHWD Service Area	Second half of the day, Tuesday, 5/31	Board Members, General Manager, Department Heads and Supervisors, ACE Pieri & WEC Meurer	San Juan Water District Water Treatment Plant and throughout CHWD service area via bus
Education —Issues Briefing	Evening of Tuesday, 5/31/16	Board Members, General Manager, Department Heads and Supervisors, ACE Pieri & WEC Meurer	CHWD Administration Building—Board Room
Team Building and Work Program Development —Telephone Interview to Discuss Key Issues of Interest to Board Members and Leadership Staff in advance of the Strategic Planning Session	1 or 2 weeks prior to the scheduled Strategic Planning Session	Board Members, General Manager, Department Heads & Facilitator Laura Mason-Smith	Via Telephone

Item	Proposed Date	Who	Where
Team Building and Work Program Development— Strategic Planning Session	Sunday, 6/26/16	Board Members, General Manager, Department Heads and Supervisors, ACE Pieri, WEC Meurer & Facilitator Laura Mason-Smith	Rusch Park, Sunrise/Patio Room

RECOMMENDATION:

Schedule two special Board meetings for: 1) Tuesday, May 31, 2016, 12:30 PM. Initial meeting location will be 6230 Sylvan Road. This meeting will include a bus tour; 2) Sunday, June 26, 2016, 8:30 AM at Rusch Park in the Sunrise/Patio Room.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : ELECTION SERVICES MOU WITH SACRAMENTO COUNTY
STATUS : Action Item
REPORT DATE : April 30, 2016
PREPARED BY : Robert A. Churchill, General Manager

OBJECTIVE:

Consider approval of a Memorandum of Understanding with Sacramento County for Election Services and Authorize execution by the General Manager.

BACKGROUND AND ANALYSIS:

In October of 2015 the Sacramento County Board of Supervisors approved an Election Services Memorandum of Understanding (MOU) program which authorizes the Registrar of Voters to execute an MOU with the County's special districts, school districts and cities. The MOU program provides a single document defining the expectations, rights, and responsibilities of the District and the County Voter Registration and Elections (VRE) department involved in an election.

Attached is a Draft MOU including a Scope of Services between the District and Sacramento County for consideration of approval. This document has been reviewed and Approved as to Form by the District's Legal Counsel.

RECOMMENDATION:

Approve a Memorandum of Understanding with Sacramento County for Election Services and Authorize execution by the General Manager.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

**MEMORANDUM OF UNDERSTANDING BY AND BETWEEN
CITRUS HEIGHTS WATER DISTRICT
AND
THE COUNTY OF SACRAMENTO**

1. **PARTIES.** This Memorandum of Understanding (MOU) is entered into by the Citrus Heights Water District, a political subdivision of the State of California, (“District”) and the County of Sacramento, a political subdivision of the State of California (“County”).

2. **PURPOSE OF THIS MOU.** The purpose of this MOU is to define the expectations, rights, and responsibilities of the parties with regard to providing certain services for all elections. This MOU supersedes any other agreement between the parties related to the matters covered by this MOU.

3. **ROLES AND RESPONSIBILITIES.** The responsibilities of the Sacramento County Registrar of Voters and the Citrus Heights Water District General Manager or his/her designee are defined in Attachment A (Scope of Services), which is a part of this MOU.

4. **REIMBURSEMENT FOR SERVICES PROVIDED.** The District agrees to reimburse the County for elections services within 30 days from receipt of an invoice from the County Elections Office. If there is a dispute about services provided or costs claimed, the Registrar of Voters and the District’s General Manager or his/her designee shall meet in good faith to resolve the dispute before any other remedies are sought.

5. **MUTUAL INDEMNIFICATION.**

5.1 District agrees to indemnify and hold harmless County, its officers, employees, agents, and volunteers from any and all liabilities for injury to persons and damage to property arising out of any act or omission of District, its officers, employees, agents or volunteers in connection with District’s performance of its obligations under this MOU.

5.2 County agrees to indemnify and hold harmless District, its officers, employees, agents, and volunteers from any and all liabilities for injury to persons and damage to property arising out of any act or omission of County, its officers, employees, agents or volunteers in connection with County’s performance of its obligations under this MOU.

5.3 This Section 5 survives the termination or expiration of this MOU.

6. **TERM OF AGREEMENT.** This MOU is effective upon the signatures of the parties, and may be modified at any time by the written consent of the parties. It may be terminated at any time upon mutual consent of the parties, or unilaterally upon written notice from the terminating party to the other party at least 60 days prior to the date of termination. The District shall reimburse the County for cost of services provided through the date of the termination notice.

CITRU HEIGHTS WATER DISTRICT,
a political subdivision of the State of
California

COUNTY OF SACRAMENTO,
a political subdivision of the State of
California

By: _____
General Manager

By: _____
Registrar of Voters

Date: _____

Date: _____

Approved as to Form:

Approved as to Form:

By: _____
Legal Counsel
Albietz Law Firm

By: _____
County Counsel

DRAFT

ATTACHMENT A - SCOPE OF SERVICES

ALL ELECTIONS

Registrar of Voters shall provide the following services for all Citrus Heights Water District elections:

1. Prepare election process forms and provide to the District General Manager or his/her designee at least 120 days prior to the election.
2. Verify signatures on petitions, including but not limited to, all candidate official filing forms, nomination paper petitions, and supplemental nomination paper petitions; initiative, referendum, and recall petitions; Notices of Intent to Circulate Petitions; and Notices of Intent to Recall.
3. Assign measure letters.
4. Prepare, translate, and format the sample ballot for materials including, as applicable: candidates' statement, ballot arguments and rebuttals, measure ballot title and summary, measure impartial analysis, facsimile ballot, voting instructions, polling place information, and map and/or address of ballot drop-off locations in the Citrus Heights Water District...
5. Supply sample ballot materials to registered voters in the District.
6. Provide to the District General Manager or his/her designee an electronic listing of all electors eligible to vote in the election, including polling place, if applicable.
7. Provide ballot tabulation equipment and qualified and trained personnel for its operation throughout the election as provided by law.
8. Provide security during ballot counting and tabulation process.
9. Provide sufficient personnel to deliver, process, count, and tabulate election ballots.
10. Provide sufficient personnel to process, count, and tabulate signature withdrawal requests.
11. Distribute and process vote-by-mail ballots.
12. Distribute and process provisional ballots and challenged ballots.
13. Perform canvass and issue Official Statement of Vote to the District General Manager or his/her designee as required by federal and state election laws.
14. Prepare invoices for services rendered within 45 days of the election and provide revised invoices, as necessary, following cost reconciliation.
15. Other services as requested by the District General Manager or his/her designee including but not limited to coordinating the reporting of election results with the Placer County Office of Elections.

The District General Manager or his/her designee shall provide the following services to the Registrar of Voters for all Citrus Heights Water District elections:

1. Provide a copy of the resolution calling the election and requesting services as required by federal and state election law.
2. Provide Board of Directors' action regarding costs for printing of candidate statements.
3. As applicable, promptly furnish copies of the full text of measures, including a written description of any related maps or images, impartial analysis, ballot title and summary, arguments, and rebuttals.
4. Remit payment for services rendered within 30 days of receiving invoice.

ELECTION POLLING LOCATIONS

The Registrar of Voters shall provide the additional following services for Citrus Heights Water District polling location elections:

1. Establish polling locations that are compliant with State of California law regarding accessibility.
2. Provide furniture and equipment, as needed, for polling locations and poll workers.
3. Hire, train, and compensate poll workers and alternate poll workers.
4. Hire, train, and compensate Coordinators and technical teams for technical and logistical support to poll workers and elections personnel.
5. Provide the District General Manager or his/her designee with a direct link to County website that indicates polling locations.

ALL-MAIL-BALLOT ELECTIONS

The Registrar of Voters shall provide the additional following services for Citrus Heights Water District all-mail-ballot elections:

1. Provide materials, equipment, staffing, and activities required for all-mail-ballot elections as required by law.
2. Hire and train workers for ballot drop-off locations.
3. Provide for the establishment of ballot drop-off locations, with days and hours of operation for a period of at least 15 days prior to Election Day and on Election Day from 7 a.m. to 8 p.m. or as required by election law.
4. Provide materials, furniture, and equipment, as needed, for ballot drop-off locations.
5. Timely deliver all official ballots as required by law.
6. Provide daily tallies of returned ballots as requested to the District General Manager or his/her designee.

The District General Manager or his/her designee shall provide to the Registrar of Voters for Citrus Heights Water District all-mail-ballot elections:

1. Assist with the identification of potential facilities for ballot drop-off locations.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : NOVEMBER 2016 GENERAL ELECTION
STATUS : Action Item
REPORT DATE : April 29, 2016
PREPARED BY : Robert A. Churchill, General Manager

OBJECTIVE:

Call for an election on November 8, 2016 for a Director from Division One for a regular 4-year term and for a Director from Division Two for a short 2-year term.

BACKGROUND AND ANALYSIS:

The nomination period for this election is July 18 through August 12, 2014.

The District's Division boundaries were last reviewed and adjusted in May 2002 to provide better equity in population between the three Divisions. The District's service connection count in May 2002 was 19,106. The service connection count is presently 19,785 representing an increase of 679 services (+3.55%). With such a small increase in the number of service connections, a division boundary analysis is not recommended at this time.

RECOMMENDATION:

Adopt Resolutions 11-2016 (Sacramento County) and 12-2016 (Placer County) calling for a November 8, 2016 election for a Director from Division One for a regular 4-year term and for a Director from Division Two for a short 2-year term.

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 11-2016

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CITRUS HEIGHTS WATER DISTRICT
DECLARING AN ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE
SACRAMENTO COUNTY BOARD OF SUPERVISORS
TO CONSOLIDATE THIS ELECTION
WITH ANY OTHER ELECTION CONDUCTED ON SAID DATE;
AND
REQUESTING ELECTION SERVICES BY THE REGISTRAR OF VOTERS

WHEREAS, an election will be held on November 8, 2016 within the Citrus Heights Water District that will affect Sacramento and Placer Counties for the purpose of electing one member to the District's Board of Directors for a full four-year term and for the purpose of electing one member to the District's Board of Directors for a short two-year term; and

WHEREAS, a statewide general election will be held within the County of Sacramento on the same day; and

WHEREAS, Elections Code §10403 requires jurisdictions to file with the Board of Supervisors, and a copy with the Registrar of Voters, a resolution requesting consolidation with a statewide election; and

WHEREAS, pursuant to Elections Code §10509, the Board of Directors of the Citrus Heights Water District orders an election to be held in its jurisdiction on said date, at which election the issue to be presented to the voters shall be:

ELECTION OF DIRECTORS FOR THE CITRUS HEIGHTS WATER DISTRICT

1. Said election shall be to fill vacancies on the Board of Directors for the following Citrus Heights Water District Division:

Division One: Full 4-Year Term currently held by Caryl F. Sheehan whose term will expire on the first Friday of December 2016.

Division Two: Short 2-Year Term currently held by Raymond A. Riehle whose term will expire on the first Friday of December 2016.

2. Said Directors for this District are elected in the following manner:

Qualified by Division -- Elected at Large. Directors must qualify to run by living in a specific Division, but all voters within the District may vote on all candidates.

3. The District has determined the following election particulars:

- a. In the case of a tie vote, the election shall be determined by lot by the Registrar of Voters of Sacramento County.

- b. The length of the voluntary Candidate's Statement shall not exceed 200 words. The cost of the voluntary Candidate's Statement will be determined by the Registrar of Voters and prepaid to the District by the Candidate.
4. The District hereby certifies that there have not been changes to the District's Division boundary lines since the District's last election, but the District understands that the Registrar of Voters of Sacramento County will verify our District and District Division boundary lines prior to qualifying Candidates for the election.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Citrus Heights Water District requests the Board of Supervisors of Sacramento County to consolidate the regularly scheduled General District Election with the statewide election to be held on November 8, 2016; and

BE IT FURTHER RESOLVED that, pursuant to Elections Code §12112 the Board of Directors of the Citrus Heights Water District hereby requests the Registrar of Voters of Sacramento County to combine the Notice of District Election and Publication of Election Notice with those of other special districts scheduled for election on said date; and

BE IT FURTHER RESOLVED that the Citrus Heights Water District agrees to reimburse the Registrar of Voters of Sacramento County for actual costs accrued to provide election services; such costs to be calculated by the method set forth in the County's current Election Cost Allocation Procedures; and

BE IT FURTHER RESOLVED that the Candidates are to prepay the District for the publication of the voluntary Candidate's Statement, pursuant to Elections Code §13307. The limitation on the number of words that a Candidate may use in his or her voluntary Candidate's Statement is 200 words; and

BE IT FURTHER RESOLVED that the Board of Directors of Citrus Heights Water District requests Registrar of Voters of Sacramento County to coordinate the reporting of election results with the Placer County Elections Division.

This Resolution shall be considered a Notice of Election and Specification of Election Order if applicable.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT this 10th day of May 2016, by the following vote, to-wit:

AYES: Directors: Dains, Sheehan, Riehle
NOES: Directors: None
ABSTAIN: Directors: None
ABSENT: Directors: None

ATTEST:

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

ROBERT A. CHURCHILL, Secretary
Citrus Heights Water District

SEAL:

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 12-2016

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CITRUS HEIGHTS WATER DISTRICT
DECLARING AN ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE
PLACER COUNTY BOARD OF SUPERVISORS
TO CONSOLIDATE THIS ELECTION
WITH ANY OTHER ELECTION CONDUCTED ON SAID DATE;
AND
REQUESTING ELECTION SERVICES BY THE COUNTY CLERK

WHEREAS, the Board of Directors of the Citrus Heights Water District orders an election to be held in its jurisdiction on November 8, 2016, at which election the issue to be presented to the voters shall be:

ELECTION OF DIRECTORS FOR THE CITRUS HEIGHTS WATER DISTRICT

1. Said election shall be to fill vacancies on the Board of Directors for the following Citrus Heights Water District Divisions:

Division One: Full 4-Year Term currently held by Caryl F. Sheehan whose term will expire on the first Friday of December 2016.

Division Two: Short 2-Year Term currently held by Raymond A. Riehle whose term will expire on the first Friday of December 2016.

Said Directors for this District are elected in the following manner:

Qualified by Division -- Elected at Large. Directors must qualify to run by living in a specific division, but all voters within the District may vote on all candidates.

2. The District has determined the following election particulars:
 - a. In the case of a tie vote, the election shall be determined by lot by the Registrar of Voters of Sacramento County.
 - b. The length of the voluntary Candidate's Statement shall not exceed 200 words. The cost of the voluntary Candidate's Statement will be determined by the Registrar of Voters and prepaid to the Placer County Office of Elections by the Candidate.
 - c. The County Clerk is requested to provide election services. The District agrees to reimburse the Placer County Clerk for all applicable costs for election services.
3. The District hereby certifies that there have not been changes to the District's Division boundary lines since the District's last election, but the District understands that the Placer County Public Works Mapping Division will verify our District and District Division boundary lines prior to qualifying Candidates for the election.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Citrus Heights Water District hereby requests the Board of Supervisors of Placer County to:

1. Consolidate the regularly scheduled General District Election with any other applicable election conducted on the same day;
2. Combine the Notice of District Election and Publication of Election Notice with those of other special districts scheduled for election on said date.
3. Authorize and direct the County Clerk, at the District's expense, to provide all necessary election services.
4. Coordinate the reporting of election results with the Registrar of Voters of Sacramento County.

This Resolution shall be considered a Notice of Election and Specification of Election Order if applicable.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT this 10th day of May 2016, by the following vote, to-wit:

AYES: Directors: Dains, Sheehan, Riehle
NOES: Directors: None
ABSTAIN: Directors: None
ABSENT: Directors: None

S E A L

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

ATTEST:

ROBERT A. CHURCHILL, Secretary
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : “AT-WILL” EMPLOYMENT—EMPLOYMENT AGREEMENT FOR
MANAGEMENT EMPLOYEES AND DIRECT REPORTS TO THE
GENERAL MANAGER

STATUS : Action Item

REPORT DATE : May 1, 2016

PREPARED BY : Robert A. Churchill, General Manager
Hilary M. Straus, Assistant General Manager
Lisa A. Smoot, Management Services Supervisor/Deputy Board Clerk
Paul N. Phillips, Special Counsel

OBJECTIVE:

Consider adopting employment agreement template and accompanying policy changes that will apply only to employees under employment agreements. Authorize the General Manager to utilize the employment template for employment agreements with direct reports.

BACKGROUND AND ANALYSIS:

A review of the “At-Will” versus for “Cause” status of employees is the result of the General Manager’s, Assistant General Manager’s, Management Services Supervisor’s and legal counsel’s assessment of several District Human Resources Policies. Specifically, inconsistent provisions have been identified in several of the Districts’ Human Resources Policies that compromise the “At-Will” status of employees, creating inconsistencies and increasing employment practices liability for the District.

Though the District’s Human Resources Policy No. 4020 – District Rights and Responsibilities states that employees at the District are “At-Will,” several other provisions within District policies are inconsistent with that intent, such as:

- Policy No. 4001 – Employment Status Definitions creates limited term one-year employment Memorandums of Understanding (MOUs). These MOUs have been used with new hires for many years, but are problematic in that they unintentionally create a probationary period for the new hires, followed by regular employment with other policies specifying due process and appeals for major discipline. Probationary periods and due process run counter to the concept of “At-Will” employment.
- Policy No. 4020.01 – Rights and Responsibilities states “E. To ...lay off employees for lack of work and to suspend, discipline, and discharge employees for proper cause.” In an “At-Will” environment, an agency does not (and for employment practices reasons, in many cases should not), be mandated to provide a reason or cause for employment termination.
- Policy No. 4513 – Disciplinary Procedure for Regular and Part-Time Employees – Appeal rights to the Board of Directors creates a due process for employees in cases of major discipline or termination. “At-Will” employees are typically not afforded an appeal in these cases. Also, the policy as currently written is mandatory, not permissive.

Policy No. 4514 – Grievance Procedure – Grievance procedures are typically part of a due process and often found in agencies with for cause and/or represented employees.

- Generic MOU Article X - District Rights states that “The District retains the exclusive right ... to relieve its employees from duty because of lack of work or for other legitimate reasons.” As is the case with Policy No. 4020.1 above, in an “At-Will” environment, an agency does not (and for employment practices reasons, in many cases should not), provide a reason or cause for an employment termination or “At-Will” release.

All of these previous policies need to be removed or rewritten to decrease inconsistencies concerning employees’ “At-Will” status with the District.

Moreover, a comprehensive review of all of the District’s Human Resource Policies needs to be completed and updates recommended to ensure that they are consistent/compliant with updates to Federal and State employment practices law. In fact, they should be reviewed annually (such as is the case with the District’s annual review of its Investment Policy) to incorporate any Federal and State employment practices updates.

Proposed Solution—Management and Direct Reports to the General Manager:

As an initial effort to strengthen the “At-Will” status of employees and reduce the District’s employment practices liability, a proposed solution has been identified for executive managers and non-executive management or supervisory employees that report directly to the General Manager: Employment Agreements and accompanying policy updates (attachments to this staff report) are recommended.

Employment Agreements/Settlement Authority and Accompanying Policy Updates

A contemporary practice that an increasing number of local government agencies are implementing is entering into standard employment agreements with managers and/or more generally, leadership staff. The proposed policy is also written to include that they may be used with any other supervisory employee that reports directly to the General Manager.

In developing the proposed employment agreement template accompanying this staff report, the General Manager’s employment agreement template was used but modified, and several other department head employment agreements were reviewed and modeled. The goal has been to develop an employment agreement template that incorporates best practices terms and terms and conditions appropriate to CHWD.

In considering approval of an employment agreement template, the Board of Directors would be approving the template for use by the General Manager with executive managers and other direct reports. Additionally, in order to fully implement use of the employment agreements, the Board would also be granting Settlement Authority to the General Manager to be able to utilize/enact the comprehensive general release and severance provision.

Key elements of the employment agreements are:

- Reiterates and clarifies “At-Will” status; eliminates lack of clarity found in District’s current Human Resource Policies;
- Provides a severance agreement and six (6) months of salary as severance pay should a “Without-

Cause” separation occur for the affected employee to consider. In exchange for receiving severance, the employee agrees to sign a Comprehensive General Release and Settlement Agreement with the District, waiving any further rights and claims;

- Reduces the salary ranges for the Assistant General Manager and Operations Manager positions as presented to the Board of Directors on March 8, 2016, as part of Bryce Consulting’s Total Compensation Study;
- Provides a 3% base pay adjustment as the District recognizes the value of incumbent executive managers and other eligible supervisors signing the employment agreement. *Note—In the case of the Project Manager position, the 3% would take the incumbent above the high point of the range. Therefore, in this case only, a stretching of the range’s bandwidth (upper end of the salary range only) is recommended and included in the amended Policy 4101A1.* The fiscal impact of these increases for the remainder of 2016 (April through December) is \$11,100, to be funded from the Operating fund undesignated fund balance.
- Addresses cell phone usage policy and related reimbursement/cost recovery. Funding for a cell phone per diem is included in the 2016 operating budget.

RECOMMENDATION:

In enacting the Employment Agreement, the Board would need to approve amended and new policies highlighted in following summary chart. Note—These policy updates would only apply to employees who execute an employment agreement with one exception, Policy 4001. The recommended action includes eliminating the one-year employment Memorandum of Understanding (MOU) to all new hires. Any policy updates to the policies below that would apply to other District employees is a separate discussion, and would require separate Board action. For the time being, all other District employees will fall under the policies as currently drafted.

Change in Policy	Recommended Action
Policy No, 4001, including A1 & A2—Employment Status and Definitions and One Year MOUs (Attachment 1)	Delete content concerning one year MOUs and replace with content concerning Employment Agreements with Executive Managers and Supervisors who are Direct Reports to the General Manager. The change concerning deleting the one year MOU applies to all new hires prior to a start date of May 10, 2016.
Granting Settlement Authority to the General Manager	Grant Settlement Authority to the General Manager to be able to utilize/enact the comprehensive general release and severance provision of the Employment Agreement Template (New Policy No. 4001). The Settlement Authority is equal to six months’ base pay plus any accumulated leave that the District is legally required to pay out to the employee upon separation from employment with the District.
Policy No, 4020—Rights and Responsibilities (Attachment 2)	Delete language in Section 4020.01 E concerning the District taking disciplinary action and/or terminating an employee for cause and add language to section 4020.03
Policy No. 4101A1—2016 Salary Schedule Amended (Attachment 3)	Decrease the Assistant General Manager’s and Operations Managers salary ranges as recommended in the Compensation Study, and increase the salary range of the Project Manager to account for the increase in base pay for the incumbent Project

Change in Policy	Recommended Action
	Manager as provided for in the employment agreement.
Policy No.4101A2—Other Compensation (Attachment 4)	Update to policy to account for cellular telephone per diem for managers/supervisors using personal phones/not provided with Agency-issued cell phone.
Policy No. 4932—Mobile Devices (Attachment 5)	Name changed to Mobile Devices from Cellular Telephones; policy updated to account for mobile devices and per diem for managers/supervisors using personal phones/not provided with Agency-issued cell phone.
Policy No. 4513—Disciplinary Procedure for Regular and Part-Time Employees (Attachment 6)	Amend policy whereby the disciplinary procedure is permissive, not required. Eliminate appeal process with regard to termination, but include a Name Clearing Conference.
Policy No. 4514—Grievance Procedure (Attachment 7)	Amend policy by adding that nothing in the policy should be interpreted to modify or limit the “At-Will” status of employees.

ATTACHMENT 1

**Policy 4001—Employment Status Definitions
(Includes Employment Agreement Template)**

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : EMPLOYMENT STATUS DEFINITIONS
POLICY NUMBER : 4001
DATE ADOPTED : JULY 1, 1965
DATE AMENDED : ~~OCTOBER 14, 2008~~
AMENDMENTS : (1) JANUARY 1, 1976; (2) JUNE 3, 1992; (3) JULY 24, 1995; (4) OCTOBER 11, 2005

4001.00 EMPLOYMENT STATUS DEFINITIONS

4001.01 Regular Employees

Employees hired to work 2,080 hours in a calendar year. At the discretion of the ~~District~~ General Manager, employment as a Regular Employee may or may not be subject to an ~~Employment Agreement~~ Memorandum of Understanding (MOU). If subject to an ~~Employment Agreement~~ MOU, the nature, duration and conditions of employment will be established in writing at the onset of employment. Compensation shall be on a monthly salaried basis.

4001.02 Part-Time Employees

Employees hired ~~pursuant to an Employment Memorandum of Understanding (MOU) (see Policy 4060) between the District and the employee~~ to work a minimum of 1,040 hours but less than 2,080 hours in a calendar year. The nature, duration and conditions of employment will be established in writing at the onset of employment. Group Insurance Benefits, Annual Leave, Sick Leave, Holidays, and Retirement Benefits shall be per the terms of these policies ~~Employment MOU~~. Compensation shall be on an hourly basis.

4001.03 Temporary Employees

Employees hired ~~pursuant to an Employment Memorandum of Understanding (MOU) between the District and the employee~~ to work fewer than 1,040 hours in a calendar year or employees recruited through a temporary agency, who work on a temporary basis for the District. The nature, duration and conditions of employment will be established in writing at the onset of employment. Temporary Employees will not be eligible for benefits that accrue to Regular Employees, including vacation time, sick leave, or holidays. Health and dental insurance, however, will be provided to new employees as required by the terms of the Health and Dental Insurance policies. Compensation shall be on an hourly basis.

4001.04 Exempt Employees

Executive and Administrative Employees whose positions meet specific tests established by the Fair Labor Standards Act (FLSA) and State Law are exempt from overtime pay requirements. See Policy 4112 for designation of Exempt Employees.

4001.05 Non-Exempt Employees

Employees whose positions do not meet FLSA and State Law exemption tests and are paid a multiple of their hourly wage for overtime.

4001.06 Rehired Employees

Employees rehired after leaving employment with the District may be subject to employment pursuant to an Employment Memorandum of Understanding (MOU) at the discretion of the District. The nature, duration and conditions of employment will be established in writing at the onset of employment.

The ability to rehire CalPERS retirees are subject to the restrictions and guidelines set forth by the Public Employee's Retirement Law (PERL).

When an employee is rehired, his/her duration of District employment (see Policy 4050) will be adjusted by the period of time while not a District employee.

~~Employees that are re-employed into their former job position with the District within twelve (12) months after a Layoff or Reduction of Work Force (see Policy 4810) are not required to enter into an Employment MOU unless an MOU was in effect at the time of layoff.~~

4001.20 Employment Agreements by Memorandum of Understanding (MOU)

The District may, at the discretion of the General Manager, employ persons to work for the District under a written Employment ~~Agreements~~ Memorandum of Understanding (MOU). The Employment ~~Agreement~~MOU shall be an agreement between the District and the employee, signed by the General Manager or his/her authorized designee and by the employee. The Employment ~~Agreement~~MOU shall specify the terms and conditions of the relationship between the District and the employee, and may include terms and conditions of employment that differ from those of other District employees.

~~4001.21~~ ~~Duration of Employment Memorandum of Understanding~~

~~An Employment Memorandum of Understanding entered into between the District and an employee shall be for a specified period of time. The District may, at the discretion of the General Manager, enter into a new Employment MOU for an additional period upon the expiration of a previous Employment MOU. The typical duration of an Employment MOU is 12 months.~~

4001.212 Employment Agreement – General Manager

The Board of Directors may elect to enter into an Employment Agreement ~~Memorandum of Understanding (MOU)~~ for employment of the District's General Manager. The Employment AgreementMOU shall specify the terms and conditions of the relationship between the District and the General Manager, and may include terms and conditions of employment that differ from those of other District employees.

4001.23 Employment AgreementMemorandum of Understanding – Form of Agreement

A generic Employment AgreementMemorandum of Understanding for a District Employment MOU follows as Attachment 1 to this Policy. This form is intended as a guideline only, and specific language, terms and conditions to be included in the Employment AgreementMOU will be approved by the General Manager. In the case of an Employment AgreementMOU between the Board of Directors and General Manager, the specific language, terms and conditions to be included in the Employment AgreementMOU will be approved by the Board of Directors.

CITRUS HEIGHTS WATER DISTRICT

**EXECUTIVE/MANAGER EMPLOYMENT AGREEMENT
FOR
[JOB TITLE]**

This Employment Agreement effective _____, 20__ pursuant to final execution by all parties, is between the Citrus Heights Water District, a public agency (“the DISTRICT”), and _____, an individual (“EMPLOYEE”), and is intended to establish compensation, benefits and terms and conditions of employment for [JOB TITLE]. The General Manager has the authority to employ and terminate the employment of EMPLOYEE. EMPLOYEE acknowledges that as a Department Manager, EMPLOYEE is exempt from the Fair Labor Standards Act (FLSA). EMPLOYEE further agrees that EMPLOYEE is an at-will employee, serves at the pleasure of the General Manager, and EMPLOYEE can be terminated from employment with the DISTRICT with or without notice or cause, and with no rights of appeal. This Employment Agreement supersedes any and all written and verbal employment terms and conditions between the DISTRICT and EMPLOYEE commencing upon the effective date of EMPLOYEE's appointment to the position of Assistant General Manager.

RECITALS

WHEREAS, the DISTRICT desires to retain the service of EMPLOYEE as [JOB TITLE][JOB TITLE] of the DISTRICT, and EMPLOYEE consents to provide said services, subject to the terms and conditions of this Employment Agreement; and

WHEREAS, it is the desire of the DISTRICT to establish terms and conditions of employment, establish compensation and to provide certain benefits, to provide a procedure to set goals and objectives to be met, measurements thereof, to provide for a review and evaluation of performance, to provide for termination, if necessary, and to provide for other subjects related to the status of EMPLOYEE within this Employment Agreement; and

WHEREAS, the DISTRICT has determined the duties and responsibilities for this position as outlined in Exhibit A, which may be amended from time to time, attached hereto and incorporated herein by reference; and

WHEREAS, the DISTRICT has determined the salary and benefits for this position as outlined in Exhibit B, which may be amended from time to time, attached hereto and incorporated herein by reference; and

WHEREAS, it is the desire of the parties to secure peace of mind with respect to future security in the event of termination and severance of employment, as outlined in Exhibit C attached hereto and incorporated herein by reference; and

WHEREAS, EMPLOYEE desires to accept employment with the DISTRICT in the position specified above.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. **TERM.** The term of this Employment Agreement shall commence on upon being executed by EMPLOYEE and approved and executed by the General Manager. The term of employment is unspecified. This Employment Agreement shall remain in effect until such time as the employment is concluded by either party in accordance with the provisions of Section 5 of this Employment Agreement.

2. **AT-WILL EMPLOYMENT.** EMPLOYEE acknowledges that he is an at-will EMPLOYEE who shall serve at the pleasure of the General Manager at all times during the period of his/her service under this Employment Agreement. The terms and provisions of the DISTRICT's personnel policies, procedures, ordinances and resolutions applicable to at-will EMPLOYEES shall also apply to EMPLOYEE. Nothing in this Employment Agreement is intended to, or does, confer upon EMPLOYEE any right to any property interest in continued employment, or any due process right to a hearing before or after a decision by the General Manager to terminate his/her employment, except as is expressly provided in Section 5 of this Employment Agreement. Nothing contained in this Employment Agreement shall in any way prevent, limit or otherwise interfere with the right of the DISTRICT and its General Manager to terminate the services of EMPLOYEE as provided herein. Nothing in this Employment Agreement shall prevent, limit or otherwise interfere with the right of EMPLOYEE to resign at any time from this position with the DISTRICT, subject only to the provisions set forth in Section 5 herein. This at-will Employment Agreement shall be expressly subject to the rights and obligations of the DISTRICT and EMPLOYEE, as set forth in herein.

3. **DUTIES AND RESPONSIBILITES.**

(a) **Duties.** EMPLOYEE's duties and responsibilities under this Employment Agreement will be those assigned to the office of [JOB TITLE], as described in the job description for [JOB TITLE] position, as adopted and amended from time to time by the DISTRICT's General Manager, and such other duties and responsibilities as may be assigned in writing by the General Manager. The current job description for [JOB TITLE] is attached as Exhibit A to this Employment Agreement. By execution of this Employment Agreement, EMPLOYEE attests that he meets the qualifications for employment as stated in said Exhibit A.

(b) **Accountability.** EMPLOYEE shall provide service at the direction of and under the supervision of the General Manager. EMPLOYEE shall report directly to the General Manager and will give a report of his activities on a periodic basis to the General Manager.

(c) **Job Position.** EMPLOYEE shall serve as [JOB TITLE], and is hereby designated as a person who shall have charge of, handle and have access to the property of the District. EMPLOYEE shall be responsible to the General Manager for the proper administration of the duties and responsibilities required of [JOB TITLE].

(d) **Work Hours.** EMPLOYEE agrees to dedicate his full time and attention to the discharge of [JOB TITLE]'s duties and responsibilities and will be available to work at such times as necessary to fully and competently perform the duties and responsibilities of [JOB TITLE], regardless of the number of hours necessary. EMPLOYEE acknowledges that the duties of [JOB TITLE] may require an average of more than forty (40) hours per week, and that some day-to-day work hours may vary. EMPLOYEE is entitled to Management Leave pursuant to DISTRICT Policy and will not otherwise be compensated for overtime hours worked or

otherwise earned, or be entitled to compensatory time off for hours worked in excess of forty (40) hours per week.

(e) Other Activities. EMPLOYEE will participate in regional, community and professional activities and organizations on behalf of the DISTRICT which are in furtherance of the interest of the customers and mission of the DISTRICT.

EMPLOYEE will not engage in any conduct or other employment or business that would interfere with his duties and responsibilities to the DISTRICT. EMPLOYEE further acknowledges that the position of Assistant General Manager is one requiring frequent and highly-visible contact and involvement with members of the public and the community. EMPLOYEE will not engage in any conduct within or outside the scope of his employment with the DISTRICT that reflects unfavorably on or discredits the DISTRICT, its Board of Directors, its General Manager or other DISTRICT employees.

Except upon the prior written consent of the General Manager, EMPLOYEE, during the term of this Employment Agreement, shall not accept any other employment, engage directly or indirectly in any other business, commercial, or professional activity (whether or not pursued for monetary advantage) that is or may be competitive with the DISTRICT, that might create a conflict of interest with the DISTRICT, or that otherwise might interfere with the business and operations of the DISTRICT. So that the DISTRICT may be aware of the extent of any other demands upon [JOB TITLE]'s time and attention, EMPLOYEE shall disclose in confidence to the General Manager the nature and scope of any other business activity in which he is or becomes engaged during the term of this Employment Agreement. This shall not be deemed to prohibit passive personal investments.

(f) Performance Evaluation. The General Manager shall provide EMPLOYEE with an evaluation of his performance annually or more frequently at the sole discretion of the General Manager. This evaluation shall detail EMPLOYEE's accomplishments and highlight areas for improvement, if any, from the last performance evaluation.

- (i) Annual Written Goals and Policy Objectives. On or about the anniversary date of this Employment Agreement or on a schedule otherwise determined by the General Manager, the General Manager shall provide EMPLOYEE with a written summary of the goals he is to accomplish in the following calendar year and/or otherwise specified period of time. This written summary shall prioritize the goals to be accomplished and shall further state that such goals and policy objectives are to be completed within an expressed time period unless otherwise stated by the General Manager.
- (ii) Rewards and Recognition. At the discretion of the General Manager, a monetary performance incentive in the form of Rewards and Recognition pay may be authorized, contingent upon accomplishment of the goals and objectives set by the General Manager at his discretion.

(g) Other Terms and Conditions of Employment. EMPLOYEE's employment also will be governed by the DISTRICT's Policies, which may be amended from time to time, and the

DISTRICT and EMPLOYEE will comply with all applicable provisions of the Policies. If any term or condition of this Employment Agreement is inconsistent with or in conflict with a term or condition of the Policies, the provisions of this Employment Agreement will govern.

4. COMPENSATION AND BENEFITS. In consideration of the services to be provided by EMPLOYEE under this Employment Agreement, the DISTRICT will provide to EMPLOYEE the salary and benefits stated below. EMPLOYEE shall also be entitled to all benefits and rights afforded to other Executive/Managers of the DISTRICT, except to the extent provided by this Employment Agreement, and, in the case of any conflict between this Employment Agreement, and the Personnel policies, procedures, ordinances and resolution, the terms of this Employment Agreement will prevail.

(a) Salary. During the term of this Employment Agreement, EMPLOYEE will be paid the salary as specified in Exhibit B to this Employment Agreement. In recognition of the covenants contained herein, EMPLOYEE's salary will be increased by three percent (3%) over EMPLOYEE's current salary as of the final execution of this Employment Agreement. This three percent (3%) increase shall apply to EMPLOYEE's position or salary range. If such an increase causes EMPLOYEE's salary to exceed the maximum of the salary range for the position, for purposes of this Employment Agreement only, the maximum of said salary range shall be increased to equate to the new salary. EMPLOYEE may receive salary merit increases at the discretion of the General Manager; however EMPLOYEE shall not be entitled to receive any merit increases during the term of this Employment Agreement if such an increase causes EMPLOYEE's compensation to exceed the maximum of the salary range for the position. EMPLOYEE's salary shall be paid pursuant to regularly established procedures, and as they may be amended by the DISTRICT at its sole discretion. EMPLOYEE's salary will be subject to modification by: (1) the same cost-of-living increase (COLA), if any, as approved by the DISTRICT for all DISTRICT employees; by (2) the amount of any salary merit increase, which may or may not coincide with a Performance Evaluation for [JOB TITLE]; by (3) an amount determined pursuant to a total compensation survey of similar positions; or by (4) any other means as determined at the sole discretion of the DISTRICT and approved in open session at a regular public meeting of the Board of Directors.

(b) Rewards and Recognition. At the discretion of the General Manager, a monetary performance incentive in the form of Rewards and Recognition pay may be authorized, contingent upon accomplishment of the goals and objectives set by the General Manager at his discretion.

(c) Benefits. EMPLOYEE shall be provided the same types of benefits afforded by the DISTRICT to other regular full-time Executive/Manager class employees, which now exist or hereafter may be adopted or amended in accordance with the DISTRICT Policies, except that in the event of any difference or conflict between such benefits and this Employment Agreement, the terms of this Employment Agreement will prevail.

(d) Cellular Telephone. EMPLOYEE shall receive a DISTRICT provided cellular telephone for the DISTRICT's business. The EMPLOYEE's use of, cost to and compensation for a DISTRICT cell phone, if any, are subject to the terms of DISTRICT Policy.

(e) **Expenses.** EMPLOYEE will be entitled to be reimbursed for the reasonable amount of his actual and necessary expenses incurred in carrying out his duties and responsibilities as Assistant General Manager to the extent that his expenses have been properly documented in conformance with the DISTRICT Policy and the Internal Revenue Service's requirements for an Accountable Plan.

(f) **Professional Activity and Development.** The DISTRICT desires EMPLOYEE to be reasonably active in national, statewide, regional and professional organizations that will contribute to EMPLOYEE's professional development and standing and that will contribute to the advancement of the DISTRICT's interests and standing. Toward that end, EMPLOYEE may, upon advance notice to and written approval by the General Manager, undertake such activities as are directly related to professional development and that advance the interests and standing of the DISTRICT. Provided however, that such activities do not in any way interfere with or adversely affect employment or the performance of his duties and responsibilities as provided herein. The DISTRICT agrees to reimburse EMPLOYEE's reasonable and necessary expenses for such activities, licenses, certification and/or education, upon advance notice to and written approval by the General Manager, and subject to available funds.

5. CONCLUSION OF EMPLOYMENT. This Employment Agreement may be concluded in any one of the following ways:

(a) **By the DISTRICT Without "Cause."** The General Manager has the authority, at his sole discretion, to terminate EMPLOYEE's employment with the DISTRICT without "cause" at any time.

(b) **By the General Manager for "Cause."** The General Manager may terminate EMPLOYEE from employment with the DISTRICT for "cause" at any time. Said termination of employment shall be for "cause" if EMPLOYEE: (i) refuses or fails to act in accordance with any legal direction or order; (ii) exhibits unavailability for service in regard to his/her employment, materially unsatisfactory performance, misconduct, dishonesty, habitual neglect of duty and responsibilities, gross insubordination or incompetence; (iii) is convicted of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; or (iv) breaches any material term of this Employment Agreement.

(c) **By Mutual Agreement.** At any time, the parties may conclude this Employment Agreement by mutual agreement, expressed in writing.

(d) **By EMPLOYEE.** At any time, EMPLOYEE may conclude this Employment Agreement and retire or voluntarily resign from his employment with the DISTRICT by providing the General Manager with written notice. The DISTRICT shall have the option, at its sole discretion, to conclude the employment of EMPLOYEE at any time prior to the end of any notice period.

(e) **Obligations at the Conclusion of Employment.**

(i) The DISTRICT shall pay EMPLOYEE all compensation due and owing through the last day actually worked, including an amount equal to the regular salary, and cash value of accrued leave balances EMPLOYEE

would have earned and accrued as provided by then current DISTRICT policies, or as required by state or Federal law, through the balance of the above notice period, or through the remaining balance of the Employment Agreement if one is stated, whichever is less; the District shall pay EMPLOYEE all compensation then due and owing; thereafter, all of the DISTRICT's obligations under this Employment Agreement shall cease unless otherwise stated.

- (ii) EMPLOYEE agrees that all property, including, without limitation, all equipment, tangible proprietary information, documents, books, records, reports, notes, contracts, lists, computer disks (and other computer-generated files and data) created on any medium and furnished to, obtained by, or prepared by EMPLOYEE in the course of or incident to his employment, belongs to the DISTRICT and shall be returned promptly to the DISTRICT upon termination of employment except for copies of public records and notes which are in the personal custody of EMPLOYEE.
- (iii) The representations and warranties contained in this Employment Agreement and EMPLOYEE's obligations shall survive the conclusion of employment and the expiration of this Employment Agreement.
- (iv) Following conclusion of employment, EMPLOYEE shall fully cooperate with the DISTRICT in all matters relating to the completion of pending work on behalf of the DISTRICT and the orderly transfer of work to other employees of the DISTRICT. EMPLOYEE shall also cooperate in the defense of any action brought by any third party against the DISTRICT that relates in any way to EMPLOYEE's acts or omissions while employed by the DISTRICT.

(f) Severance Pay. In the event EMPLOYEE is terminated without "cause" or asked to resign without "cause" during such time that EMPLOYEE is willing and able to perform the duties and responsibilities under this Agreement, then the DISTRICT agrees, upon receipt of a Comprehensive General Release and Settlement Agreement as described in Exhibit C attached hereto, to pay EMPLOYEE a lump sum cash payment equal to six (6) months of Salary as severance pay at EMPLOYEE's rate of pay at the time of severance.

Notwithstanding the provisions of any DISTRICT policy, procedure or practice to the contrary, upon the conclusion of EMPLOYEE's employment, whether with or without cause, EMPLOYEE will not be entitled to any compensation, benefits (except COBRA or other state or Federal benefits), damages or other monetary award except as specifically authorized by this Employment Agreement.

6. INDEMNIFICATION. The DISTRICT shall defend, hold harmless and indemnify EMPLOYEE against any tort, civil rights, personnel, discrimination, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of EMPLOYEE's performance of his duties and responsibilities. Such indemnity shall cover EMPLOYEE against any and

all losses, damages, judgments, interest, settlements, fines, court costs and other reasonable costs and expenses of legal proceedings including attorney's fees, and any other liabilities incurred by, imposed upon, or suffered by EMPLOYEE. The DISTRICT may compromise and settle any such claim or suit and pay the amount of any settlement or judgment therefrom. Further, any settlement by EMPLOYEE must be made with the prior approval by the DISTRICT in order for indemnification, as provided in this Section, to be available. The DISTRICT's obligation to defend and indemnify EMPLOYEE is contingent on EMPLOYEE's cooperation with the DISTRICT, and with defense counsel. In addition, the DISTRICT's obligation is contingent on EMPLOYEE's conduct having occurred within the course and scope of his/her employment. In the event of a claim or litigation against both the DISTRICT and EMPLOYEE, the DISTRICT may retain a single legal counsel to defend both parties, unless there appears to be a conflict in the positions of the DISTRICT and EMPLOYEE. In the event that there is a conflict between the DISTRICT and EMPLOYEE, then separate counsel shall be retained for each party, and the DISTRICT shall pay for both attorneys.

7. AMENDMENTS. This Employment Agreement may be amended only by a subsequent writing approved and signed by each of the parties.

No failure to exercise and no delay in exercising any right, remedy, or power under this Employment Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power under this Employment Agreement preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity.

8. EXHIBITS. The following Exhibits, while integral to this Employment Agreement, may be modified by action the Board of Directors independent of taking action upon the entire Employment Agreement:

- Exhibit A: Job Description for Assistant General Manager
- Exhibit B: Regular Salary Compensation
- Exhibit C: Comprehensive General Release and Severance Agreement

9. ENTIRE AGREEMENT. This writing constitutes the sole, entire, integrated and exclusive contract between the parties respecting EMPLOYEE's employment by the DISTRICT, and any other contracts, contract terms, understandings, promises or representations not expressly set forth or referenced in this writing are null and void, and of no force and effect.

10. NOTICES. Any notice or other communication under this Employment Agreement must be in writing and shall be effective upon delivery by hand or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to the General Manager of the DISTRICT. EMPLOYEE shall be obligated to notify the DISTRICT in writing of any change to his address. Notice of change of address shall be effective only when done in accordance with this Section, to the parties as follows:

DISTRICT's Notice Address:
6230 Sylvan Road
Citrus Heights, California 95610-5615
Fax: (916) 725-0345

EMPLOYEE's Notice Address:

11. WAIVER. The waiver at any time by either party of its rights with respect to a default or other matter arising in connection with this Employment Agreement will not be deemed a waiver with respect to any subsequent default or matter.

12. SUCCESSORS AND ASSIGNS. This Employment Agreement is personal to EMPLOYEE. He may not transfer or assign this Employment Agreement or any part of it. Subject to this restriction on transfer and assignment, this Employment Agreement will bind, and inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties.

13. CONSTRUCTION AND INTERPRETATION. The parties agree and acknowledge that this Employment Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Employment Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Employment Agreement.

14. ACTION BY THE DISTRICT. All actions required or permitted to be taken under this Employment Agreement by the DISTRICT, including, without limitation, exercise of discretion, consents, waivers, and amendments to this Employment Agreement, shall be made and authorized only by the DISTRICT's Board of Directors or by its representative as specifically authorized in writing by the Board of Directors to fulfill these obligations under this Employment Agreement.

15. SEVERABILITY. If any provision of this Employment Agreement, or its application to any person, place, or circumstance, is held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced, or modified at the discretion of the DISTRICT, to the greatest extent permitted by law, and the remainder of this Employment Agreement and such provision as applied to other persons, places, and circumstances shall remain in full force and effect.

16. POTENTIAL LITIGATION. The venue for any legal action, arbitration, or other proceeding brought to enforce or interpret the terms of this Employment Agreement shall be in Sacramento County, California.

17. GOVERNING LAW. This Employment Agreement shall be governed by and construed in accordance with the laws of the State of California. In accordance with the provisions of Section 53262 of the Government Code, this Employment Agreement is subject to approval or ratification in an open session of a public meeting of the Board of Directors of the DISTRICT.

18. ATTORNEY'S FEES. If any legal action or proceeding is brought to enforce or interpret this Employment Agreement, the prevailing party, as determined by the court, shall be entitled to recover from the other party all reasonable costs and attorney's fees, including such fees and costs as may be incurred in enforcing any judgment or order entered in any such action.

19. ACKNOWLEDGMENT. EMPLOYEE acknowledges that he has had the opportunity to consult legal counsel in regard to this Employment Agreement, that he has read and understands this Employment Agreement, that he is fully aware of its legal effect, and that he has

entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Employment Agreement. Therefore, the presumption that differences in interpretation shall go against the drafting party does not apply.

20. EXECUTION. The parties have duly executed this Employment Agreement as of the last date last written in the signature block below.

CITRUS HEIGHTS WATER DISTRICT

By: _____	_____
Robert A. Churchill	Date
General Manager/Secretary	

EMPLOYEE

By: _____	_____
	Date

CITRUS HEIGHTS WATER DISTRICT

EXECUTIVE/MANAGER EMPLOYMENT AGREEMENT

EXHIBIT A

JOB DESCRIPTION FOR [JOB TITLE]

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : JOB DESCRIPTION FOR [JOB TITLE]
POLICY NUMBER :
DATE ADOPTED :
DATE AMENDED :
JOB CLASS : EXECUTIVE/MANAGER or SUPERVISOR/ADVANCED EXPERT/
SPECIALIST

CITRUS HEIGHTS WATER DISTRICT

EXECUTIVE/MANAGER EMPLOYMENT AGREEMENT

EXHIBIT B

REGULAR SALARY COMPENSATION FOR [JOB TITLE]

Salary: \$ ____ per hour
\$ ____ per month
\$ ____ per year

The Regular Salary Range for this position is from a monthly base of \$____,____ (\$____ per hour) to a monthly maximum of \$____,____ (\$____ per hour) pursuant to the District's Salary Schedule effective Jan 11, 2016.

Effective Date for Regular Salary Compensation: _____, 20__

Payroll Authorization: _____
By: _____ Date _____
General Manager/Secretary

CITRUS HEIGHTS WATER DISTRICT

EXECUTIVE/MANAGER EMPLOYMENT AGREEMENT

EXHIBIT C GENERAL RELEASE POLICY

Severance Pay. In the event EMPLOYEE is terminated without "cause," as determined by the General Manager in his sole and unfettered discretion, or in the event EMPLOYEE is asked to resign during such time that EMPLOYEE is willing and able to perform the duties and responsibilities under this Employment Agreement, then the DISTRICT agrees, upon receipt of a Comprehensive General Release and Settlement Agreement in the standard form signed by EMPLOYEE, to pay EMPLOYEE a lump sum cash payment equal to six (6) months of Salary as severance pay. However, if EMPLOYEE is terminated because of conviction of any criminal offense or for "cause", the DISTRICT shall have no obligation to pay severance pay.

The Comprehensive General Release and Settlement Agreement which is a condition for this benefit shall be in a form used by the DISTRICT at the time of employment severance. The form Comprehensive General Release and Settlement Agreement may change from time to time, depending upon changes in practices or law. The Comprehensive General Release and Settlement Agreement and compliance with its terms shall not be construed as an admission by the DISTRICT of any liability whatsoever, or as an admission by the DISTRICT of any violation of the rights of EMPLOYEE or any other person or violation of any order, law, statute, duty, or contract whatsoever against EMPLOYEE or any other person.

The Comprehensive General Release and Settlement Agreement shall be a full and complete settlement of any and all claims, complaints, actions and charges arising out of EMPLOYEE's employment with the DISTRICT and/or the termination thereof as provided for herein. EMPLOYEE will agree that the payments constitute the entire amount of monetary consideration provided to EMPLOYEE and that he will not seek any further compensation for other claimed damage, costs, or attorney's fees in connection with or related to EMPLOYEE employment with the DISTRICT. By way of example and not in limitation of the foregoing, released claims shall include any claims arising under Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act; the Americans with Disabilities Act; the Vietnam Era Veterans Readjustment Assistance Act of 1974; or any successor or replacement statutes; the California Family Rights Act Of 1991; the Employee Retirement Income Security Act of 1974, as amended; the Workers Adjustment And Retraining Notification Act, as amended; the Fair Labor Standards Act and similar federal and State laws; the California Wage Payment Act, as amended; California Industrial Welfare Commission Wage Orders; and the California Fair Employment and Housing Act, that provides the right to an employee to bring charges, claims, or complaints against an employer if the employee believes they have been discriminated against on a number of bases including age, ancestry, color, religious creed, denial of family and medical care leave, disability, marital status, medical condition (cancer and genetic characteristics), genetic information, military and veteran status, national origin, race, sex, gender, gender identity, gender expression, or sexual orientation, as well as any claims asserting wrongful

termination, harassment, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, defamation, invasion of privacy, and claims related to disability. Released Claims shall also include, but not be limited to, claims for wages or other compensation due, severance pay, rewards and recognition pay, sick leave pay, annual leave pay, management leave pay, life or health insurance, or any other EMPLOYEE benefits.

ATTACHMENT 2

Amended Policy 4020—Rights and Responsibilities

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : RIGHTS AND RESPONSIBILITIES
POLICY NUMBER : 4020
DATE ADOPTED : JUNE 3, 1992
DATE AMENDED : ~~JUNE 10, 2008~~
AMENDMENTS : June 10, 2008

4020.00 RIGHTS AND RESPONSIBILITIES

4020.01 District Rights and Responsibilities

To ensure that the District is able to carry out its statutory functions and responsibilities, the following matters will be within the exclusive discretion of the District: subject to District policies:

- 1) Basing personnel actions on merit,
- 2) Prohibiting bias, and
- 3) Requiring fair procedural actions.

The Board of Directors and General Manager retain, and may delegate, authority to manage and conduct the business and affairs of the District including, without limitation, the following rights:

- A. To direct the work force;
- B. To select and determine the number, qualifications and classification of employees required;
- C. To assign work to employees in accordance with the requirements determined by the District;
- D. To establish and change work schedules and assignments;
- E. To hire, transfer, and promote or lay off employees for lack of work or funds and to suspend, discipline, and discharge employees ~~for proper cause~~;
- F. To expand or diminish services;
- G. To contract any work or operations of the District;
- H. To determine and change methods of operation;

- I. To determine salary ranges for new job classifications prior to appointment of any persons to fill such classifications;
- J. To determine and change, at its sole discretion, the number of locations, relocations, and types of operation and the process and materials to be employed;
- K. To make all final decisions regarding wages, hours, and other terms and conditions of employment. Such right and responsibility shall be within the exclusive discretion of the Board of Directors.

4020.02 Employee Rights and Responsibilities

- A. Employees shall have the right to join or refuse to join or participate in the activities of any employee organization, and shall have the right to represent themselves individually in their employee-employer relations within the District.
- B. Neither the District nor any employee organization shall interfere with, intimidate, restrain, coerce, or discriminate against employees who join or refuse to join in any employee organization.

4020.03 At-Will Employment

The District is an at-will employer, and all employees can be terminated from employment with the District with or without notice or cause. Nothing in the District's policies and procedures shall be interpreted to modify or limit the employment-at-will relationship. These policies and procedures are not a contract with any employee, and the District reserves the right to change the contents at any time and without notice, at the discretion of the Board of Directors.

“At-will” is an employment relationship in which either the District or the employee can end the employment relationship with or without notice or cause~~no liability~~. Under at-will employment, the District may discharge an employee for any cause or no cause at all, and the employee is free to quit or otherwise cease work at any time.

4020.04 Review of Policy

All Human Resources Policies and Procedures will be reviewed every five (5) years or more frequently as necessary and/or appropriate.

ATTACHMENT 3

Amended Policy 4101A1—2016 Salary Schedule

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
 POLICY TITLE : COMPENSATION-ATTACHMENT 1: SALARY SCHEDULE
 POLICY NUMBER : 4101.A1
 DATE ADOPTED : JANUARY 1, 1994
 DATE AMENDED : ~~MAY 10, 2016~~ MARCH 24, 2016
 DATE EFFECTIVE : JANUARY 11, 2016
 AMENDMENTS : (1) 01/01/95; (2) 05/24/95; (3) 01/02/96; (4) 01/07/97; (5) 01/06/98; (6) 06/02/98; (7) 10/06/98;
 (8) 01/05/99; (9) 05/03/99; (10) 01/04/00; (11) 01/02/01; (12) 03/06/01; (13) 01/08/02 (14) 01/07/03; (15) 10/07/03;
 (16) 12/08/03; (17) 12/14/04; (18) 12/13/05; (19) 03/01/06; (20) 12/12/06; (21) 12/11/07; (22) 04/14/09; (23) 12/08/09; (24)
 12/14/10 (25) 05/10/10; (26) 07/12/11; (27) 12/13/11; (28) 04/10/12; (29) 12/11/12; (30) 01/14/14; (31) 8/12/14;(32)12/9/14;
 (33)12/8/15;(34) 1/11/16; (35) 3/24/16

JOB TITLE / JOB CLASS	HOURLY AND MONTHLY* SALARY RANGE			
	Base Hourly	Base Monthly*	Maximum Hourly	Maximum Monthly*
<i>Executive (Exempt)</i>				
General Manager	64.77	11,228	87.63	15,190
<i>Manager (Exempt)</i>				
Assistant General Manager	58.96 55.30	10,220 9,585	80.04 74.65	13,874 12,940
Operations Manager	48.35 43.39	8,380 7,521	65.41 58.57	11,338 10,153
Project Manager	40.26	6,978	54.47 56.11	9,442 9,566
<i>Supervisor/Advanced Expert/Specialist</i>				
Accounting Supervisor/Principal Accountant	34.47	5,975	46.53	8,065
Management Services Supervisor/Chief Board Clerk	34.47	5,975	46.53	8,065
Water Distribution Supervisor	34.40	5,963	46.54	8,066
Water Quality Supervisor	31.02	5,376	41.97	7,274
Senior Accountant	29.97	5,195	40.46	7,013
<i>Expert / Specialist</i>				
Associate Civil Engineer	37.62	6,521	50.89	8,822
Water Distribution Specialist	30.78	5,336	41.64	7,218
Water Distribution Lead Worker/Operator	29.33	5,084	39.67	6,876
Water Efficiency Coordinator	28.80	4,993	38.96	6,754
Senior Construction Inspector	27.32	4,735	36.96	6,406
Purchasing Specialist	25.47	4,414	34.48	5,976
Management Services Specialist/Deputy Board Clerk	25.21	4,370	34.11	5,913
Accounts Receivable Specialist	25.21	4,370	34.11	5,913
<i>Journey / Professional</i>				
Engineering Technician	25.01	4,335	33.84	5,865
Water Quality Technician	24.70	4,281	33.41	5,792
Water Distribution Operator	23.10	4,004	31.25	5,417
Water Meter Technician	21.76	3,771	29.43	5,101
Customer Service Technician	18.41	3,191	24.90	4,316
<i>Entry / Apprentice</i>				
Water Distribution Worker	20.58	3,568	27.84	4,826
Customer Services Representative	17.88	3,100	24.19	4,193

*Monthly Salaries are average monthly compensation over a 12-month period based on the Hourly Salary Range.

ATTACHMENT 4

Amended Policy 4101A2—Other Compensation

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : COMPENSATION-ATTACHMENT 2: OTHER COMPENSATION
POLICY NUMBER : 4101.A2
DATE ADOPTED : JUNE 1, 1995
DATE AMENDED : ~~MAY 10, 2016~~ ~~NOVEMBER 10, 2015~~
DATE EFFECTIVE : JANUARY 1, 2016
AMENDMENTS : (1) JANUARY 2, 1996; (2) SEPTEMBER 15, 1998; (3) DECEMBER 7, 1999;
(4) JANUARY 2, 2001; (5) MARCH 6, 2001; (6) OCTOBER 7, 2003;
(7) DECEMBER 8, 2003; (8) DECEMBER 13, 2005; (9) OCTOBER 14, 2008;
(10) APRIL 13, 2010; (11) AUGUST 11, 2015; (12) JANUARY 1, 2016

4101.A2.01 NON-EXEMPT REGULAR EMPLOYEES

In addition to other hourly compensation received, non-exempt Regular Employees (see Policy 4001) are authorized to receive the following compensation:

Certified California State Water Distribution System Operators (see Policy 4401)

Grade	D1	\$ 20.00 / month
Grade	D2	\$ 40.00 / month
Grade	D3	\$ 60.00 / month
Grade	D4	\$ 80.00 / month
Grade	D5	\$100.00 / month

Certified California State Water Treatment Operators (see Policy 4401)

Grade	T1	\$ 20.00 / month
Grade	T2	\$ 40.00 / month
Grade	T3	\$ 60.00 / month
Grade	T4	\$ 80.00 / month
Grade	T5	\$100.00 / month

Standby Duty (see Policy 4120)

Regular Work Days	\$ 30.00 / day
Friday	\$ 75.00 / day
Saturday	\$ 75.00 / day
Sunday	\$ 75.00 / day
District Holidays	\$ 30.00 / day

4101.A2.02 PART-TIME EMPLOYEES

The following standard hourly wage rate range for Part-Time Employees (see Policy 4001) is:

California Minimum Wage to \$ 22.50 / hour

4101.A2.03 TEMPORARY EMPLOYEES

The following standard hourly wage rate range for Temporary Employees (see Policy 4001) is:

California Minimum Wage to \$ 22.50 / hour

4101.A2.04 OUT-OF-CLASS PAY

At times, the District needs to temporarily assign an existing employee to perform a more complex level of work or additional work in a higher, equivalent or subordinate position. This need may arise due to a vacancy created by an extended leave, resignation or retirement.

In order to qualify for Out-of-Class Pay, an employee must be assigned in writing by the General Manager or General Manager's Designee to perform the duties of another job classification due to a temporary vacancy extending for a period of more than eight (8) consecutive working days, holidays excluded. Assigned employees will be compensated at a five percent (5%) increase of their current hourly rate of pay in recognition of the increased responsibilities and additional workload. This Out-of-Class rate of pay increase is temporary in nature and will remain in effect until the assignment is complete.

The maximum duration of the temporary assignment is one year. If the need arises to extend the assignment past one year, written justification must be provided by the General Manager and filed in the employee's personnel file. This written justification must include the completion date of the temporary assignment. This Policy section pertains to all positions that report to and/or are subordinate to the General Manager.

4101.A2.05 PERSONAL CELLULAR TELEPHONE REIMBURSEMENT

District Department Managers will receive a monthly stipend in the amount of \$30 to use District sanctioned personal cellular telephones. This stipend will be paid through payroll quarterly. If an employee obtains or currently has a plan that exceeds the monthly stipend, Citrus Heights Water District will not be liable for the cost difference. The device remains the property of the employee who is responsible for all repairs or replacement of the device.

ATTACHMENT 5

Amended Policy 4932—Mobile Devices

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : CELLULAR TELEPHONES MOBILE DEVICES
POLICY NUMBER : 4932
DATE ADOPTED : MARCH 11, 2008
DATE AMENDED : MAY 10, 2016
AMENDMENTS :

4932.00 CELLULAR TELEPHONES MOBILE DEVICES

Mobile devices, including but not limited to; cellular telephones, smartphones, or laptop/tablet computers, are important tools for the District. However, mobile devices also represent a significant risk to data security as, if the appropriate security applications and procedures are not applied, they can be a channel for unauthorized access to the District's data and Information Technology infrastructure. This can subsequently lead to data leakage and system infection. The District has a requirement to protect its information assets in order to safeguard its customers, property and reputation. This policy outlines a set of practices and requirements for the safe use of mobile devices and applications.

4932.01 Issuance of District Cellular Telephones Mobile Devices

~~District cellular telephones will be issued to District employees as determined by the General Manager or his or her designee to facilitate the conduct of District business. Employees that are issued District cellular telephones are responsible for care of the device and keeping it secure from theft or loss. Loss of, or damage to, a District cellular telephone shall be reported immediately to the Assistant General Manager or his or her designee. Employees may be liable for reimbursement for cellular telephone equipment issued to them that is lost or damaged.~~

District mobile devices will be issued to District employees as determined by the General Manager or his/her designee to facilitate the conduct of District business. Employees that are issued District mobile devices are responsible for care of the device and keeping it secure from theft or loss. Loss of, or damage to, a District mobile device shall be reported immediately to the General Manager or his/her designee. Employees may be liable for reimbursement for equipment issued to them that is lost or damaged. Issued equipment shall remain the sole property of the District and shall be subject to inspection and/or monitoring (including related records, phone logs, text messages, and internet usage logs) at any time. Employees in possession of District equipment are expected to protect the equipment from loss, damage, or theft. Upon resignation or termination of employment, or at any time upon request, the employee may be asked to produce the equipment for return or inspection. Employees unable to present the device in good working condition within the time period requested (for example, 24 hours) may be expected to bear the cost of a replacement.

Department Managers may have the opportunity to use their personal devices for work purposes when authorized by the employee and the District. If the Department Manager

chooses to use his/her District sanctioned personal cellular telephone he/she will receive a stipend amount as listed in District Policy 4101.A2 Other Compensation.

4932.02 Use of District Cellular Telephones Mobile Devices

The use of District ~~cellular telephones~~ mobile devices is intended for official District business. While it is understood that the use of District ~~cellular telephones~~ mobile devices for personal reasons is necessary on occasion, this privilege must not be abused and time spent in making or receiving such calls shall be kept to a minimum. Personal use of a District ~~cellular telephone~~ mobile devices that interferes with an employee's work performance or otherwise violates District policy may result in disciplinary action. Personal toll/long-distance calls or personal use of other ~~cellular telephone~~ services that result in additional charges shall be reported to the Assistant General Manager or his or her designee in writing. Personal use charges shall be reimbursed to the District by the employee that incurred the charges within 20 calendar days of presentation of the receipt that contains the personal use charges.

4932.03 Cellular Telephone Mobile Device Usage While Driving or Operating Equipment

The use of ~~cellular phones~~ mobile devices, both those issued by the District and personal ~~cellular telephones~~ mobile devices, while driving or operating motorized equipment on District business and/or District time is considered a dangerous distraction and is prohibited. Calls may be answered by passengers; and if a discussion is necessitated between the driver and caller, the driver must pull over to a safe area off the road to take part in the discussion. If driving alone, the driver may pull over to a safe area off the road to respond to the call or message. Under no circumstances may a driver initiate a cellular phone call while driving a vehicle or operating motorized equipment during the course of business or on District time. An exception may be made if the driver has or vehicle is equipped with a Bluetooth or hands free device.

4932.04 Privacy Not Guaranteed

The District reserves the right to access an employee's cellular telephone voice mail (outgoing and incoming) messages at any time. Therefore, an employee's outgoing voice mail message must not indicate to the caller that his/her incoming message will be confidential or private. The existence of a password on the cellular telephone voice mail system is not intended to indicate that messages will remain private, and all employees must make passwords known to the District's Assistant General Manager and other District employees as designated by the General Manager. Failure to notify the Assistant General Manager of passwords or password changes may result in disciplinary action.

4932.05 Message Access

Messages on the voice mail and e-mail systems are to be accessed by the intended recipient and by others at the direct request of the intended recipient. However, the District reserves the right to access any and all cellular telephone voice messages at any time. Any attempt to block District access to messages may result in disciplinary action.

4932.06 Personal Cellular and/or Wireless Devices

Excessive use of cellular/wireless devices during the work day, regardless of the phone or device used can interfere with employee productivity and be distracting to others. During paid work time, employees are expected to exercise the same discretion in using personal cellular/wireless devices as is expected for the use of any District telephone or computer. Cellular phones may not be used at any work site where the operation of the phone is or may be a distraction to the public or other employees.

ATTACHMENT 6

Amended Policy 4513—Disciplinary Procedure for
Regular and Part-Time Employees

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : DISCIPLINARY PROCEDURE FOR REGULAR AND PART-TIME EMPLOYEES
POLICY NUMBER : 4513
DATE ADOPTED : JANUARY 6, 1976
DATE AMENDED : ~~MAY 10, 2016~~ JUNE 10, 2008
AMENDMENTS : (1) JUNE 3, 1992; (2) AUGUST 9, 1995

4513.00 DISCIPLINARY PROCEDURE FOR REGULAR EMPLOYEES

Depending upon the facts and circumstances involved in each situation, Management may choose to begin progressive disciplinary action at any step. Nothing in the District's policies and procedures shall be interpreted to modify or limit the employment-at-will relationship. ~~In general, however, discipline should follow a pattern of increasing severity as causes for discipline are more serious and persist.~~

4513.01 Minor Discipline

~~Minor discipline may be imposed without reference to the procedural requirement of Section 4513.03 of this Policy.~~ Minor discipline includes verbal warnings, written reprimands, suspension with pay, suspension without pay for no more than one (1) day in a pay period, change in work hours, and reassignment without reduction in pay.

- A. Verbal Warning: For minor infractions, the employee ~~will~~may be issued a verbal warning. If the situation does not improve within a reasonable period of time (usually thirty (30) days to six (6) months, depending on the severity of the issue), the supervisor may repeat the measure, or use another procedure. The supervisor shall keep a written record of the date and substance of verbal warning, but the record ~~will~~may not become part of the employee's personnel file unless the situation leading to the warning is uncorrected and more serious disciplinary procedures are deemed necessary.
- B. Written Reprimand: For a more substantial infractions, or repeated minor infraction, the employee ~~will~~may be issued a written reprimand. If the situation does not improve within a reasonable period of time (usually thirty (30) days to six (6) months, depending on the severity of the issue) the supervisor may repeat the reprimand. A copy of any written reprimand ~~shall~~may be sealed by the General Manager and placed in the employee's personnel file.
- C. Other Minor Discipline: For more serious infractions of District Standards of Conduct (see Policy 4501) or for persistent failure to correct deficiencies noted in verbal warning or written reprimands, other minor discipline may be imposed including suspension with pay, suspension without pay for no more than one (1) day

in a pay period, change in working hours, and reassignment without reduction in pay. Any such minor discipline may be accomplished by written notice to the employee. A copy of the notice will be sealed by the General Manager and placed in the employee's personnel file.

4513.02 Major Discipline

~~The following disciplinary actions require compliance with the procedures of Section 4513.03 of this Policy.~~ The following procedures may be taken by the appropriate level of management to correct the performance deficiencies of Regular and Part-Time employees. Forms of major discipline are:

- A. Suspension from Duty: An ordered interruption of duties for two (2) or more days without pay.
- B. Salary Reduction: A reduction in pay from within the employee's current range to any lower salary within that range, as such range is recorded in the District's current salary schedule.
- C. Demotion: A reduction from a position in one-classification to a position in another classification having a lower salary range affected for disciplinary purposes. (Demotions resulting from employee's inability to perform required duties, organizational changes, or layoffs are not disciplinary.)
- D. Dismissal: Discharge from District employment.

4513.03 Disciplinary Procedures for Regular and Part-Time Employees Requiring Notice and Review

~~To insure that all Regular and Part-Time employees are fairly treated when subjected to major disciplinary action described in this Policy, the following set of procedures will be followed. These procedures do not apply to the General Manager or to any employee who has a written Memorandum of Understanding (MOU) for employment with the District unless the MOU so provides.~~

~~A. Notice of Proposed Discipline: Before imposing major discipline, the District shall deliver to the employee a written notice of the proposed major discipline. The notice of proposed discipline shall be prepared by the General Manager. Such notice shall be personally served on the employee or sent by registered or certified mail to the employee's place of residence as shown on the records of the District. The notice shall be served on or mailed not less than ten (10) working days prior to the date of the proposed major discipline and shall contain the following:~~

- ~~1) The type and effective date of the proposed disciplinary action.~~
- ~~2) A statement of the reasons for the proposed discipline. The statement of reasons shall contain such specifications as to give a reasonable person a fair opportunity to understand and respond to the reasons.~~
- ~~3) If the reasons are based upon documents or materials, the notice shall include copies of the documents or materials. If the reasons are based upon statements or reports from witnesses other than the General Manager who prepares the notice of proposed discipline, the notice shall~~

include the names of such witnesses.

4) — ~~A date for the employee to file a written response, which shall be no later than the close of business of the third working day prior to the effective date of the proposed discipline. The notice shall specify that the written response must be delivered to the Reviewing Officer by the date specified, state the reasons why the proposed discipline should not become effective, include documents or other material supporting the employee's position, and state whether the employee wishes to have oral testimony presented to the Reviewing Officer. Failure to file a written response by the date specified shall be a waiver of the employee's right to review of the proposed discipline.~~

~~B. — Response of Employee: The employee shall have the right to respond, either in writing, orally, or both in writing and orally, as provided in the notice to the employee. Written responses shall be delivered to the Reviewing Officer. If the employee desires to make oral response, the employee shall give written notice to the Reviewing Officer of this fact not later than the close of business on the third day before the date stated as the effective date for the proposed discipline. Failure of the employee to give notice of the desire to make oral presentation shall constitute a waiver by the employee of any right to oral presentation. The request for oral presentation shall also designate any District employee who the employee subject to proposed discipline wishes to have present to provide oral presentation.~~

~~C. — Oral Presentation: If the employee gives the notice provided for in Section B hereof, the oral response of the employee shall be presented to the Reviewing Officer. At the time of the employee's oral response, the employee shall have the right to be represented by his or her own counsel. The employee shall have the right to be present and hear any oral presentation by the Supervisor, Department Manager, General Manager, or other witnesses in support of the proposed discipline. Any employee or his or her representative may request the Reviewing Officer to ask questions of the Supervisor, Department Manager, General Manager, or the witnesses appearing in support of the proposed discipline. The employee may provide oral presentation to the Reviewing Officer and may produce witnesses to make oral presentation to the Reviewing Officer. If any witness is a District employee, was listed in the employee's written request to make oral presentation, and can be made available without unduly interfering with the operations of the District, the Reviewing Officer will coordinate the appearance of the witness to be present at the time of the oral presentation. The Reviewing Officer shall continue the effective date of the discipline for a reasonable period until District employee witnesses can be present. The Reviewing Officer shall submit his/her determination in writing within three working days of the close of the proceedings.~~

~~D. — Reviewing Officer Designation: The Reviewing Officer shall be a member of the Board of Directors. The employee shall have no right to disqualify or in any way participate in the selection of the Reviewing Officer. Appeal to the District Board of Directors according to Section E shall be the remedy if the employee alleges bias on the part of the Reviewing Officer.~~

~~E. — Appeal of Reviewing Officer Decisions: If an employee has filed a written response to a notice of proposed discipline, the employee may appeal the determination of the Reviewing Officer. Appeal shall not suspend the effective date of the discipline.~~

~~1) — Time of Appeal: Any appeal of the Reviewing Officer's determination shall be initiated by filing a written response to the Reviewing Officer's determination and written summary of basis for filing. The appeal must be filed with the General Manager not later than fourteen (14) calendar days after the employee has received the Reviewing Officer's determination and written~~

summary of basis for the ruling. Failure to appeal by the employee or his representative within the time permitted for appeal will make the action of the Reviewing Officer final and conclusive.

2) ~~General Manager Review: The General Manager shall review the employee's request for appeal, together with the determination of the Reviewing Officer. The General Manager may propose modification of the discipline and, if the General Manager's proposed modification is accepted in writing by the employee and Reviewing Officer, the appeal shall be deemed abandoned and no further proceedings shall occur under this part. If the General Manager's proposed modification is not acceptable to the employee or Reviewing Officer, the proposal shall be considered an offer to compromise a disputed claim and shall not be evidence of the District's position or an admission of any kind by District in the subsequent appeal or further proceedings on the matter.~~

3) ~~Procedures for Appeal of Major Discipline: In the case of major discipline, the Board of Directors shall conduct a hearing on an appeal filed regarding the determination of the Reviewing Officer.~~

a) ~~The hearing shall be conducted in the manner most conducive to determination of the truth, and the Board shall not be bound by technical rules of evidence.~~

b) ~~The Board shall determine the relevancy, weight, and credibility of testimony and evidence. The Board shall base its findings on the preponderance of the evidence.~~

c) ~~Each side shall be permitted an opening statement and closing argument. The District management shall first present witnesses and evidence to sustain the discipline and the employee will then present his/her witnesses and evidence in defense.~~

d) ~~Each side will be allowed to examine and cross-examine witnesses.~~

e) ~~Both the District management and the employee may be represented by legal counsel.~~

f) ~~The Board, upon a request by either party and a determination by the Board concerning relevance and propriety, may subpoena witnesses and/or require production of other records or material evidence.~~

g) ~~The Board may, prior to or during a hearing, grant a continuance for any reason they believe may be important to reaching a fair and proper decision.~~

h) ~~The employee or his/her representative may obtain a copy of the transcript of the hearing upon request and agreement to pay for necessary costs.~~

4. ~~Action by the Board of Directors: The Board of Directors may sustain, modify or reject the proposed major discipline against the employee. If the Board of Directors modifies or rejects the major discipline, the Board may order all or part of the employee's full compensation restored. If an employee is reinstated in his/her position as a result of a successful appeal, the employee shall be entitled to his or her former status of employment. If the Board determines to modify the discipline and/or order back pay, the employee's acceptance thereof shall be deemed a waiver of any rights to pursue, protest, or redress of the discipline in any forum whatsoever.~~

F. ~~Status of Employee: During the period prior to the consideration of the matter by the~~

~~Board, the employee may be suspended from performance of his/her duties or placed on Administrative Leave at the sole discretion of the District. The effective date of the major discipline shall be the close of business on the date that the ruling of the Board is delivered.~~

4513.03 Name Clearing Conference

The employee will be provided an opportunity, either before or after major discipline, to speak to the General Manager. In addition, the employee may appear before the Board of Directors when the reason for major discipline is public, and either stigmatizes or prevents the employee from finding alternate employment.

4513.04 Layoff or Reduction of Work Forces

~~Notwithstanding any other provision of these rules, nothing provided in Section 4513.03 of this Policy shall prohibit the District from discharging, suspending, or transferring an employee at-will, upon a determination by the District that the needs of the District do not require continuance of the employee's position. The procedures of Section 4513.03 of this Policy apply only to personnel actions taken for purposes of discipline. If an employee believes that such a personnel action is not for the needs of the District but is intended to be punitive, the employee shall may seek redress through the grievance procedures of Policy 4514.~~

ATTACHMENT 7

Amended Policy 4514—Grievance Procedure

CITRUS HEIGHTS WATER DISTRICT
POLICIES AND PROCEDURES MANUAL

POLICY TYPE : HUMAN RESOURCES
POLICY TITLE : GRIEVANCE PROCEDURE
POLICY NUMBER : 4514
DATE ADOPTED : JUNE 3, 1992
DATE AMENDED : ~~MAY 10, 2016~~ JUNE 10, 2008
AMENDMENTS : (1) AUGUST 9, 1995; (2) JUNE 10, 2008

4514.00 GRIEVANCE PROCEDURE

The grievance procedure provides employees a means for settling complaints and problems as quickly as possible, and at the lowest possible level of authority. The grievance procedure, however, is not available to resolve disputes arising out of major disciplinary action. Nothing in the District's policies and procedures shall be interpreted to modify or limit the employment-at-will relationship.

Each step in the grievance procedure is meant to completely resolve the complaint or problem. The steps are to be taken in progressive steps; the employee moves on to the next step only if the problem has not been resolved.

4514.01 Grievance Steps

Step One: The employee discusses the complaint with his/her Department Manager. The supervisor will be responsible for handling the complaint as an important business matter. Occasionally, discussing the problem with the Department Manager would present an awkward situation. In that case, the employee may begin the process at the next step. NOTE: According to Policy 4512.03 hereof, sexual harassment complaints may be taken to the Department Manager, the General Manager, or the Board of Directors at the employee's option.

Step Two: The Department Manager and the complaining employee will arrange to meet with the General Manager to seek a resolution. After the initial meeting, the General Manager will investigate the complaint and talk with anyone involved or anyone who might contribute to the facts. At the General Manager's discretion, this investigation may involve separate conversations or meetings of all parties. The General Manager will return a written decision within seventy-two (72) hours of the first meeting. The General Manager's decision shall be final and binding.

CITRUS HEIGHTS WATER DISTRICT

PROJECT MANAGER’S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : PROJECT MANAGER’S REPORT
 STATUS : Information Item
 REPORT DATE : April 28, 2016
 PREPARED BY : Paul A. Dietrich, Project Manager

Significant assignments and activities for the Project Manager (PM) and District engineering, construction inspection, and geographical information system maintenance staff are summarized below. I will be available at the meeting to answer questions and/or provide additional details.

New values or projects noted in bold italics

PM-1 ACCEPTED WATER SYSTEMS

Recent additions to the District’s water distribution system that were constructed by independent State Licensed contractors on behalf of private developers / owners, inspected by the District and formally accepted:

<u>Project</u>	<u>Count</u>	<u>Facilities</u>	<u>Value</u>
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None

PM-2 PROJECTS UNDER CONSTRUCTION BY PRIVATE DEVELOPERS

Water distribution system facilities currently under construction by independent State Licensed contractors on behalf of private developers / owners requiring District inspection:

<u>Project</u>	<u>Location</u>	<u>Status</u>
The Village at Fair Oaks 55 Condominiums (2014-53)	6800 Madison Ave	Ongoing Development. Inspecting Finished Phases as Released.
California American Water Co. San Juan Avenue Tank - Intertie and Water Service (2015-39)	5444 San Juan Ave	75% Complete
Capitol Nursery Plaza Commercial Center (2015-50)	Sunrise Blvd @ Madison Ave	85% Complete
Sylvan Middle School (2015-63)	7085 Auburn Blvd	Substantially Complete

<u>Project</u>	<u>Location</u>	<u>Status</u>
Citrus Heights City Hall (2015-54)	6350 Fountain Square Dr	80% Complete
Northridge Grove 47 Condominiums (2013-59)	5555 Mariposa Ave	Awaiting System Construction
Memory Care Facility (2015-56)	6825-33 Sunrise Blvd	50% Complete
Applebee's Restaurant (2015-53)	6900 Auburn Blvd	Substantially Complete <i>Awaiting Easement</i>
Dundee Estates 3 Lot Subdivision (2015-58)	Mariposa Ave @ Highland Ave	80% Complete

PM-3 CONTRACTOR / DEVELOPER PROJECTS PENDING CONSTRUCTION

<u>Project</u>	<u>Location</u>	<u>Status</u>
<i>McDonalds</i> (2015-60)	<i>5402 Sunrise Blvd</i>	<i>Awaiting System Construction</i>
<i>Bearpaw Expansion Commercial Building</i> (2015-59)	<i>7524 Old Auburn Rd</i>	<i>Awaiting System Construction</i>
<i>Louis-Orlando Bus Transfer Point</i> (2015-66)	<i>Louis Ln @ Orlando Ave</i>	<i>Awaiting System Construction</i>

PM-4 PROPOSED DISTRICT CAPITAL IMPROVEMENT PROJECTS

Project Plans and Contracts currently under review and development by the Engineering Department:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Mesa Verde High School 14" Water Main Bennett Engineering Services (2015-30)	Northwest Corner of Property West from Poplar Ave	<i>Preparing 90% Plans and Easement. Coordinating with Tree Service.</i>

<u>Project</u>	<u>Location</u>	<u>Status</u>
Fair Way Intertie with City of Roseville (2011-01)	9955 Fair Way	Agreement – 99% Plans – 95% Cost Estimate – 90%
Blossom Hill Dr Intertie with City of Roseville (2012-09)	Blossom Hill Dr at 1100 Main Sail Cir	Agreement – 99% Plans – 95% Cost Estimate – 90%
Crestmont Ave Intertie with City of Roseville (2012-10)	Crestmont Ave at 8199 Bonnie Oak Way	Agreement – 99% Plans – 95% Cost Estimate – 90%
Baird Way 12” Water Main Area West Engineers, Inc. (2015-31)	Auburn Blvd to Holly Dr	90% Plan Review Underway

PM-5 PROJECTS CONTRACTED BY CITRUS HEIGHTS WATER DISTRICT

Capital Improvement Projects currently under construction by Citrus Heights Water District contractors requiring coordination and inspection by the District:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Mariposa Ave, Limerick Way and Dublin Way Water Mains KASL Consulting Engineers, Inc. (2015-40)	Limerick Way to Farmgate Way and Eastgate Ave to Northeast Circle (south end)	Mariposa Ave Portion – Reviewing Submittals. Limerick Way Portion – Plans Ready. Meeting with Operations Complete.
San Juan Park 12” Water Main KASL Consulting Engineers, Inc. (2014-36)	5555 Mariposa Ave to U.C. Davis Medical Center	Final Approval April 13, 2016. Notice of Completion May 10, 2016.

PM-6 CITY OF CITRUS HEIGHTS PROJECTS

City of Citrus Heights Projects requiring coordination and inspection by the District:

None

CITRUS HEIGHTS WATER DISTRICT

OPERATIONS MANAGER'S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : OPERATIONS MANAGER'S REPORT
STATUS : Information Item
REPORT DATE : May 2, 2016

ABANDON MAIN VALVE: (1)

April 19, 2016 6701 PALMTREE CT

BACKFLOW MISC: (1)

April 19, 2016 7817 OLD AUBURN RD

BLOW OFF LOCATE: (9)

April 19, 2016 5330 DEWEY DR
April 25, 2016 7375 STOCK RANCH RD
April 25, 2016 7375 STOCK RANCH RD
April 25, 2016 7433 SAN JUAN AVE
April 26, 2016 7523 SAGINAW WAY
April 26, 2016 6230 SYLVAN RD
April 26, 2016 12801 FAIR OAKS BLVD
April 27, 2016 12801 FAIR OAKS BLVD
April 27, 2016 8092 ALMA MESA WAY

CONVERT TR TO RADIO READ METER: (3)

April 11, 2016 7521 PRINCE ST
April 18, 2016 5900 BRITTANY WAY
April 28, 2016 8201 SUNRISE BLVD

HYDRANT REPAIR: (1)

April 7, 2016 7442 ROBMAR CT

LANDSCAPE: (1)

April 14, 2016 6712 AURELIUS WAY

MAIN REPAIR: (3)

April 4, 2016 8205 CRESTSHIRE CIR
April 4, 2016 7218 MELVA ST
April 6, 2016 7850/52 SAMPOLO CT

METER BOX MAINTENANCE: (5)

April 5, 2016	8073 FOREST GLEN WAY
April 7, 2016	8016 PATTON AVE
April 11, 2016	5382/84 CASTLE ST
April 11, 2016	5376/78 CASTLE ST
April 13, 2016	7608 TWIN OAKS AVE

METER REMOVAL: (1)

April 27, 2016	6184 SUNRISE MALL
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METER TEST: (2)

April 20, 2016	7117 BONITA WAY
April 20, 2016	7117 BONITA WAY

RADIO READ METER REPLACEMENT: (2)

April 26, 2016	5836 NORTHGROVE WAY
April 26, 2016	6556 SKYLANE DR

RADIO READ MIU R900 CHANGE OUT: (2)

April 4, 2016	210 LIVOTI AVE
April 6, 2016	5212 LYNNADEANE CT

REGISTER CHANGE OUT: (16)

April 4, 2016	6419 NAVION DR
April 6, 2016	7509 MADISON AVE
April 7, 2016	7870 LOCHER WAY
April 11, 2016	6525 SUNRISE BLVD
April 11, 2016	7316 SPICER DR
April 13, 2016	5926 BRITTANY WAY
April 13, 2016	7663 MADELINE WAY
April 18, 2016	7866 HAMPTON LN
April 18, 2016	7647 CAPRICORN DR
April 18, 2016	5317 SONORA WAY
April 18, 2016	5125 N SIMS WAY
April 18, 2016	33 COYLE CREEK CIR
April 25, 2016	7546 CREEKRIDGE LN
April 27, 2016	1210 CHESAPEAKE DR
April 27, 2016	8021 GLEN PARK AVE
April 27, 2016	8020 GARRY OAK DR

SERVICE REPAIR: (2)

April 7, 2016	7740 WATSON WAY
April 22, 2016	6184 SUNRISE MALL

SERVICE REPLACEMENT: (5)

April 11, 2016	7740 WATSON WAY
April 14, 2016	7604 KENSINGTON DR
April 20, 2016	6425 TRAJAN DR

April 20, 2016	6421 TRAJAN DR
April 25, 2016	7848 SUNRISE BLVD

SERVICE/SADDLE REPLACEMENT: (6)

April 7, 2016	8284 CANYON OAK DR
April 13, 2016	7537/39 GALLANT CIR
April 13, 2016	7541/43 GALLANT CIR
April 14, 2016	8260 CANYON OAK DR
April 21, 2016	8241 CANYON OAK DR
April 27, 2016	7850 SAMPOLO CT

VALVE EXERCISE: (119)

April 4, 2016	8120 WALNUT VILLA WAY
April 4, 2016	8146 WALNUT VILLA WAY
April 4, 2016	8164 SUNRISE EAST WAY
April 4, 2016	8148 SUNRISE EAST WAY
April 4, 2016	8148 SUNRISE EAST WAY
April 4, 2016	8130 SUNRISE EAST WAY
April 4, 2016	8131 SUNRISE EAST WAY
April 4, 2016	5838 SHELLDRAKE CT
April 4, 2016	5918 MOSS CREEK CIR
April 4, 2016	5846 FLEDGLING CT
April 4, 2016	8124 SUNRISE EAST WAY
April 5, 2016	5801 SUNRISE BLVD
April 6, 2016	5801 SUNRISE BLVD
April 12, 2016	7840 MACY PLAZA DR
April 12, 2016	5640 WINDSOR LN
April 12, 2016	5637 SUNRISE BLVD
April 12, 2016	5930 SUNRISE VISTA DR
April 13, 2016	12220 FAIR OAKS BLVD
April 14, 2016	6016 SUNRISE VISTA DR
April 20, 2016	8170 REINHOLD ST
April 20, 2016	8170 NEISSEN WAY
April 20, 2016	8198 NIESSEN WAY
April 20, 2016	8318 NIESSEN WAY
April 20, 2016	8051 SUNRISE VISTA DR
April 20, 2016	8059 SUNRISE EAST WAY
April 20, 2016	8059 TARGA CIR
April 20, 2016	8059 SUNRISE EAST WAY
April 20, 2016	8080 SUNRISE EAST WAY
April 20, 2016	8090 SUNRISE EAST WAY
April 20, 2016	8090 SUNRISE EAST WAY
April 20, 2016	5833 SHELLDRAKE CT
April 20, 2016	5833 SHELLDRAKE CT
April 20, 2016	5833 SHELLDRAKE CT
April 20, 2016	12202 FAIR OAKS BLVD
April 20, 2016	12220 FAIR OAKS BLVD
April 20, 2016	5648 NUTHATCH CT

April 20, 2016	7946 SAWGRASS CIR
April 20, 2016	7983 KINGSWOOD DR
April 20, 2016	7901 SAWGRASS CIR
April 20, 2016	7901 SAWGRASS CIR
April 20, 2016	7901 SAWGRASS CIR
April 20, 2016	7900 ROCKY POINT CT
April 20, 2016	12202 FAIR OAKS BLVD
April 25, 2016	7900 ROCKY POINT CT
April 25, 2016	5710 SEASCAPE CT
April 26, 2016	5710 SEASCAPE CT
April 26, 2016	8020 KINGSWOOD DR
April 26, 2016	8020 KINGSWOOD DR
April 26, 2016	5655 CYPRESS POINT DR
April 27, 2016	5655 CYPRESS POINT DR
April 27, 2016	8066 KINGSWOOD DR
April 27, 2016	8036 SAWGRASS CIR
April 27, 2016	8051 CELINE DR
April 27, 2016	5657 KINGSWOOD DR
April 27, 2016	5849 SUNRISE EAST WAY
April 27, 2016	8080 SUNRISE EAST WAY
April 27, 2016	8118 FAIR OAKS BLVD
April 27, 2016	8121/23 NUTHATCH CT
April 27, 2016	12220 FAIR OAKS BLVD
April 27, 2016	5913/15 SPRING GLEN DR
April 27, 2016	8321 NIESSEN WAY
April 27, 2016	8321 NIESSEN WAY
April 27, 2016	5850 SPRING GLEN DR
April 27, 2016	5850 NIESSEN WAY
April 27, 2016	8172/74 SUNRISE EAST WAY
April 27, 2016	5820 SPRING GLEN DR
April 27, 2016	8275/83 NIESSEN WAY
April 27, 2016	8271 NIESSEN WAY
April 27, 2016	5768 HOFFMAN LN
April 27, 2016	5790 HOFFMAN LN
April 27, 2016	5790 HOFFMAN LN
April 27, 2016	5826 OVERHILL RD
April 27, 2016	8201 WALNUT HILLS WAY
April 27, 2016	8201 WALNUT HILLS WAY
April 27, 2016	8201 WALNUT HILLS WAY
April 27, 2016	8190 WALNUT HILLS WAY
April 27, 2016	8245/41 NIESSEN WAY
April 27, 2016	8307 MERCER WAY
April 27, 2016	8306 MERCER WAY
April 27, 2016	8300 MERCER WAY
April 27, 2016	8260 MERCER WAY
April 27, 2016	5713/09 CENTURY WAY
April 27, 2016	8401 BONITA DOWNS DR
April 27, 2016	8401 BONITA DOWNS DR

April 27, 2016	8401 BONITA DOWNS DR
April 27, 2016	8401 BONITA DOWNS DR
April 27, 2016	8431 ERIKA JEAN WAY
April 27, 2016	8421 ERIKA JEAN WAY
April 27, 2016	8421 MANANA WAY
April 27, 2016	8451/60 ERIKA JEAN WAY
April 27, 2016	7929 ROCKY POINT CT
April 27, 2016	8467 LONDON PLAIN CT
April 27, 2016	5910 TANFORAN CT
April 28, 2016	5980 TANFORAN CT
April 28, 2016	8461 BONITA DOWNS DR
April 28, 2016	8461 BONITA DOWNS DR
April 28, 2016	8461 BONITA DOWNS DR
April 28, 2016	5845 KENNETH AVE
April 28, 2016	7401 WILLOW CREEK DR
April 28, 2016	7401 WILLOW CREEK DR
April 28, 2016	7421 WILLOW CREEK DR
April 28, 2016	7401 WILLOW CREEK DR
April 28, 2016	5520 CEDAR CREEK WAY
April 28, 2016	7400 WILLOW CREEK DR
April 28, 2016	7405 KALAMAZOO DR
April 28, 2016	7450 KALAMAZOO DR
April 28, 2016	5448 SAN JUAN AVE
April 28, 2016	5448 SAN JUAN AVE
April 28, 2016	5448 SAN JUAN AVE
April 28, 2016	7721 BLOOM WAY
April 28, 2016	5681 KINGSWOOD DR
April 28, 2016	5681 KINGSWOOD DR
April 28, 2016	5680 KINGSWOOD DR
April 28, 2016	5512 WILDWOOD WAY
April 28, 2016	5522 WILDWOOD WAY
April 28, 2016	5562 WILDWOOD WAY
April 28, 2016	5562 WILDWOOD WAY
April 28, 2016	5562 WILDWOOD WAY
April 28, 2016	7400 WILLOW CREEK DR

VALVE INSTALL: (1)

April 7, 2016	7901 PATTON AVE
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Total Count: 189

WATER ANALYSIS REPORTS:

Bacteriological testing has met all California Department of Public Health requirements.
72 samples were collected with no positive results.

**CITRUS HEIGHTS WATER DISTRICT
OPERATIONS MANAGER'S REPORT TO BOARD OF DIRECTORS
MAY 10, 2016 REGULAR BOARD MEETING**

SUBJECT : 2016 WATER CONSUMPTION
 STATUS : Information Item
 REPORT DATE : May 4, 2016

OBJECTIVE:

Report on annual water consumption including comparison with prior years and current 29% reduction directive.

Month	2013	2014	2015	2016				Year-to-Date Comparison to 2013	
	acre feet			Surface Water Purchased	Ground Water Produced	Total Water Monthly	Total Water Annual		
	Jan	602.52	602.39	570.05	463.53	76.07	539.60	539.60	-62.92
Feb	606.36	450.96	511.52	387.51	97.02	484.53	1,024.13	-184.75	-15.3%
Mar	819.55	612.20	725.95	442.62	74.94	517.56	1,541.69	-486.74	-24.0%
Apr	1,029.73	737.30	761.02	609.95	67.86	677.81	2,219.50	-838.66	-27.4%
May	1,603.43	1,190.07	869.08						
Jun	1,816.73	1,548.66	1,065.10						
Jul	2,059.21	1,622.10	1,184.95						
Aug	1,924.28	1,477.49	1,188.18						
Sep	1,509.82	1,275.11	1,069.78						
Oct	1,297.42	1,030.74	918.67						
Nov	911.55	682.48	589.6						
Dec	700.94	563.15	519.57						
Total	14,881.54	11,792.65	9,973.47	1,903.61	315.89	2,219.50	2,219.50		
				85.77%	14.23%				

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : SURFACE WATER SUPPLY
STATUS : Information Item
REPORT DATE : May 4, 2016
PREPARED BY : David M. Gordon, Operations Manager

OBJECTIVE:

Receive status report on surface water supplies available to the District.

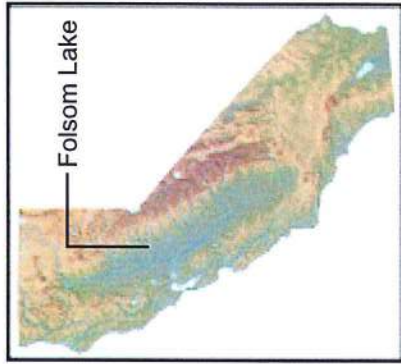
BACKGROUND AND ANALYSIS:

As of midnight on May 1, 2016, storage in Folsom Lake was at 828,111 acre-feet, 85 percent of the total capacity of 977,000 acre-feet. This is about 113 percent of historical average for this date. This represents an increase in storage of 116,163 acre-feet in the past month.

The District's total water use during the month of April 2016 (677.81 acre-feet) was 34.2% below that of April 2013 (1029.73 acre-feet).

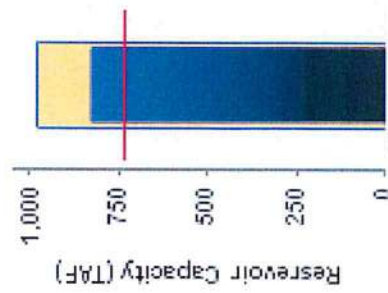
CHWD continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. All District wells (Bonita, Mitchell Farms, Palm, Sylvan and Sunrise) remain operational and are being operated on a rotational, or as-needed, basis.

Reservoir Conditions - Folsom Lake

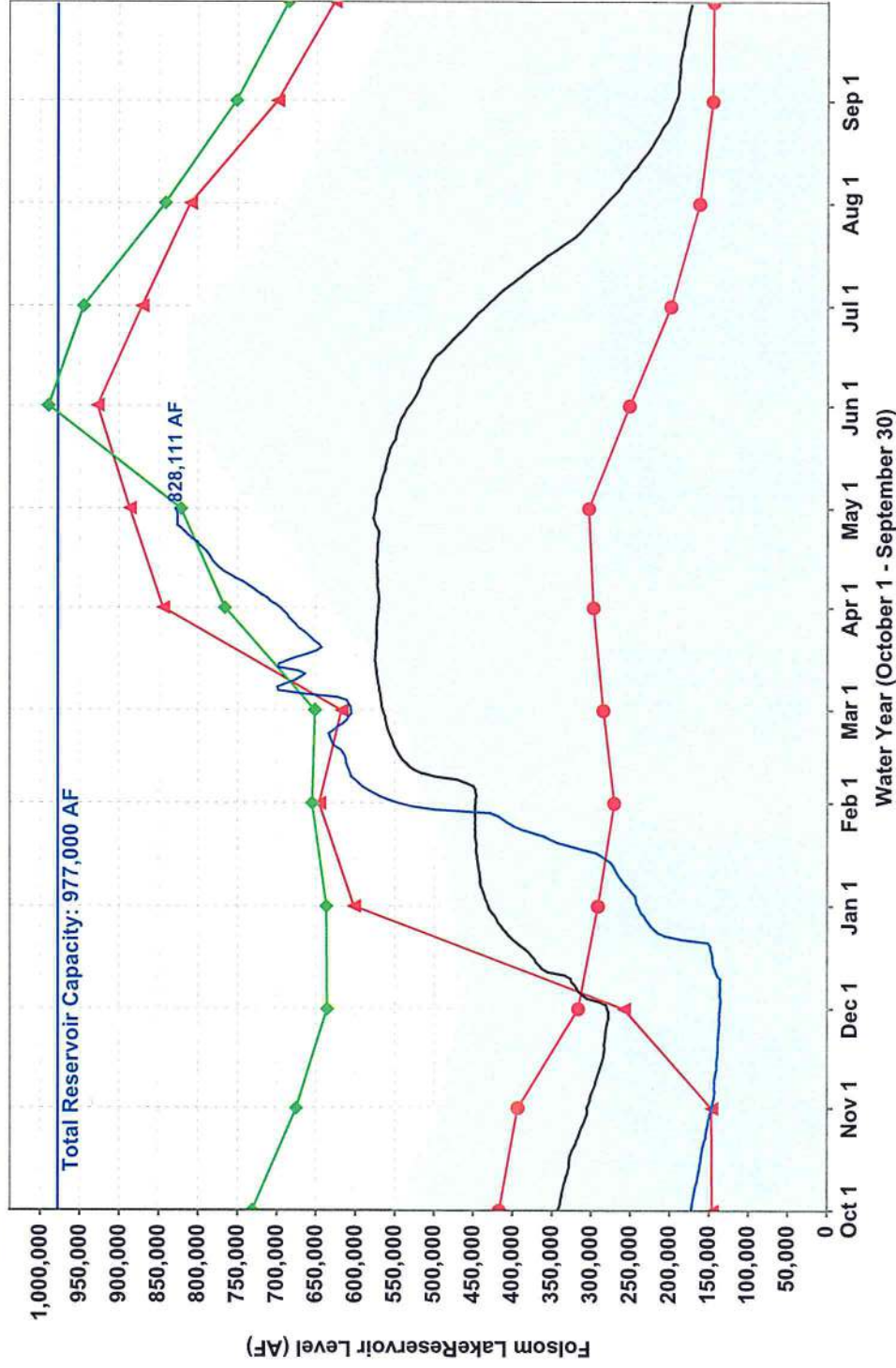


Folsom Lake Conditions

(as of Midnight - May 1, 2016)




Folsom Lake Levels: Various Past Water Years and Current Water Year, Ending At Midnight May 1, 2016



Current Level: 828,111 AF

85% (Total Capacity) | 113% (Historical Avg.)

Historical Average — Total Reservoir Capacity — 1976-1977 (Driest) — 1977-1978 — 1982-1983 (Wettest) — 2014-2015
 — Current: 2015-2016



Statewide Summary of Snow Water Content

Current Regional Snowpack from Automated Snow Sensors

% of April 1 Average / % of Normal for This Date



NORTH	
Data as of May 2, 2016	
Number of Stations Reporting	28
Average snow water equivalent (Inches)	12.3
Percent of April 1 Average (%)	43
Percent of normal for this date (%)	62

CENTRAL	
Data as of May 2, 2016	
Number of Stations Reporting	40
Average snow water equivalent (Inches)	15.6
Percent of April 1 Average (%)	54
Percent of normal for this date (%)	68

SOUTH	
Data as of May 2, 2016	
Number of Stations Reporting	27
Average snow water equivalent (Inches)	9.7
Percent of April 1 Average (%)	36
Percent of normal for this date (%)	46

STATE	
Data as of May 2, 2016	
Number of Stations Reporting	95
Average snow water equivalent (Inches)	12.9
Percent of April 1 Average (%)	46
Percent of normal for this date (%)	60

Statewide Average: 46% / 60%

Data as of May 2, 2016

CITRUS HEIGHTS WATER DISTRICT

ASSISTANT GENERAL MANAGER'S REPORT TO BOARD OF DIRECTORS May 10, 2016 REGULAR MEETING

SUBJECT : ACTIVITIES AND PROGRESS REPORT
 STATUS : Information Item
 REPORT DATE : May 2, 2016
 PREPARED BY : Hilary Straus, Assistant General Manager

Significant assignments and activities for the Assistant General Manager (AGM) and District Administrative, Customer Service and Water Efficiency staff are summarized below.

AGM-1 WATER EFFICIENCY PROGRAM UPDATE

Water Efficiency Program activities during the month of April 2016 included:

- 21 ultra-low-flush toilet rebates for the month of April 2016. A total of \$6,075 in rebates has been provided to customers to date.
- For the period of April 2016, 0 High Efficiency Clothes Washer (HECW) rebates were processed. Year-to-date, 9 HECW rebates were processed by SMUD for District customers.
- 8 water waste calls were received during the month of April. No reports of water waste were received through the CHWD's Drought Resources web page. A total of 6 contacts (mostly visits to customers' homes and phone calls) have been completed based on these reports.
- GM Churchill sent a comment letter on the District's behalf, to the State Water Resource Control Board (SWRCB) concerning the statewide conservation enforcement measures. RWA sent its own letter on behalf of the region. Comment letters were due to the SWRCB by Thursday April 14, 2016. Additionally, there was a SWRCB State Water Board workshop held on April 20th. No additional information or comments regarding the statewide conservation enforcement measures has been made by the SWRCB since the workshop.
- The following table summarizes the R-GPCD values for CHWD to date:

Month	R-GPCD
January 2015	75
February	83
March	108
April	117
May	129
June	163
July	176
August	172
September	160
October	140

Month	R-GPCD
November	82
December	75
January 2016	80
February	77
March	77
April	Not Available

*This information is submitted monthly to the State Water Resources Control Board.

- District staff and the J. Crowley Group, Inc., are in the draft review phase of the Urban Water Management Plan (UWMP) update project. The update includes a comprehensive assessment and description of the District's water distribution system, water demands, water supplies, conservation and demand management, and demand-to-supply contingency planning. A study session with the Board of Directors will be held on May 10th to present the proposed draft 2015 UWMP for discussion and comment. On June 14th the UWMP will be presented to the Board for consideration/adoption at a Public Hearing.

AGM-2 DROUGHT RESPONSE PLAN UPDATE

The following is a summary of Drought Response Plan activities in March.

- CHWD's 29% water reduction target remains in effect pending further comment from the SWRCB. Revisions are anticipated to be made by the SWRCB based on its assessment of regional snowpack and rainfall conditions and comments received at the workshop held on the April 20th.

AGM-3 PALADIN NIGHT PATROL UPDATE

Paladin Night Patrol began conducting night time water waste monitoring on July 29th, 2015. Below is a chart illustrating the number of incidents reported by category for August 2015 through April 2016.

Date	*Incident Report	Wrong Day	Equipment Waste	Theft
AUGUST 2015	108	79	90	1
SEPTEMBER 2015	96	47	80	0
OCTOBER 2015	46	37	42	0
NOVEMBER 2015	69	15	69	0
DECEMBER 2015	56	31	54	0
JANUARY 2016	32	15	32	0
February 2016	29	18	29	0
MARCH 2016	34	20	34	0

APRIL				
2016	16	6	16	0
Totals	452	248	412	1

AGM-4 ACWA 2016 SPRING CONFERENCE UPDATE

AGM Straus will provide an overview of his attendance at the conference. The conference was May 3-6.

CITRUS HEIGHTS WATER DISTRICT

GENERAL MANAGER'S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : EMPLOYEE RECOGNITION
 STATUS : Information Item
 REPORT DATE : May 2, 2016

The following District employees were recognized for superior attendance, outstanding customer service and quality of work during the month of April 2016.

OPERATIONS and WATER QUALITY DEPARTMENT

Robyn Evans: Superior Attendance
 Work Quality – Safety Meeting Presentation on “Fire Extinguishers”–2016 Apr 07

James Ferro: Superior Attendance

Gil Garcia: Superior Attendance

Brian Hensley: Superior Attendance

Mike Mariedth: Customer Service – Telephone call of appreciation from customer at 7571-73 Cedar Drive – 2016 Apr

Chris Nichols: Superior Attendance
 Work Quality – Water Distribution Operator D-4 Certification – 2016 Apr

Zachary Powell: Work Quality – Assisted Standby Duty in repair of private water service damaged by contractor at Sunrise Mall (old Albertson’s Building) – 2016 Apr 22 Friday

Jason Tupper: Work Quality – sampling of 24” steel water main after repairs – 2016 Apr 01 Friday

ADMINISTRATION and WATER DEMAND MANAGEMENT DEPARTMENT

Brady Chambers: Customer Service – patience w/ repeated calls from difficult customer – 2016 Apr 14

Kelly Drake: Superior Attendance
 Work Quality – Assisted WEC Meurer with calibrating the CIMIS station at Phoenix Field – 2016 Apr 27

Dana Mellado: Work Quality – Assisted MSS Smoot with resolving lodging reservations for ACWA Spring Conference – 2016 Apr 19

Rex Meurer: Customer Service – patience w/ repeated calls from difficult customer – 2016 Apr 14
 Work Quality – Safety Meeting Presentation on “Bites and Stings” – 2016 Apr 28

Beth Shockley: Superior Attendance
Customer Service – patience w/ repeated calls from difficult customer – 2016 Apr 14
Work Quality – Assistance with data and information for the State Controllers Report
– 2016 Apr

Desiree Smith: Customer Service – patience w/ repeated calls from difficult customer – 2016 Apr 14

Lisa Smoot: Superior Attendance
Work Quality – Updates to the front page of the District’s Website – 2016 Apr 17

PROJECT MANAGEMENT and ENGINEERING DEPARTMENT

Missy Pieri: Superior Attendance
Work Quality – Creation of graphs for GM presentation to SJWD and FOWD on
historic groundwater vs. Surface water costs – 2016 Apr

CITRUS HEIGHTS WATER DISTRICT

GENERAL MANAGER'S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : GENERAL MANAGER'S TASK LIST
STATUS : Information Item
REPORT DATE : April 30, 2016

Significant assignments and activities for the General Manager (GM) are listed on the attached list. I will be available at the meeting to answer questions and/or provide additional details.

Citrus Heights Water District
 General Manager's Task List
 Date: 4/30/2016

TASK LIST NO. 125		April 30, 2016		GM-2b	
Category	Green: Items that are substantially complete, delegated or awaiting action by others	GM Hrs to Complete	Waiting on or delegated to:	Deadline	Notes
Water Distribution	District Capital Project 2011-02: Beech Ave Metered Interconnection with Orange Vale WC	5	OVWC	15-Jun-2016	Draft Agreement sent to OVWC - awaiting comments

**Citrus Heights Water District
General Manager's Task List
Date: 4/30/2016**

Category	Red: Top Priority Items	GM Hrs to Complete	Waiting on or delegated to:	Deadline	Notes
Administration	Annexations: Livoli Tract (4 of 8)	40	Churchill	15-Jun-2016	
Administration	Annexations: Sacramento County (4 of 8)	40	Churchill	15-Jun-2016	
Administration	Annexation of Verne Tract Territory to SJWD	40	Churchill	15-Jun-2016	
Administration	Fiscal Management Policy - Disbursement of Funds	2	Every 3 Years	15-Oct-2015	
District HQ & Corp Yard	Admin Building Office Enclosure 2016-25	10	Kaler Dobler Construction	15-Jun-2016	Construction Phase
Human Resources	Relire from Citrus Heights Water District		Churchill	17-Nov-2016	Planned Date
Water Distribution	Future CIP Projects Summary Binder (2 of 8)	20	GM/Engr Dept	15-Apr-2016	Edit in Progress
Water Distribution	Technology Improvements: Document Management / Project Management / Asset Management / Easements (7 of 8)	30		15-Jul-2016	
Water Supply	SJWD Shortage Policy Cost Update (1 of 8)	10	SJWD	15-Jul-2016	MOU in Development
Water Supply	SJWD Wholesale Water Supply Agreement	30	Churchill/Albietz	12-Jul-2016	Meeting w/JKA Apr 14
Water Supply	SJWD Hydraulic Model Maintenance Agreement	5	Churchill	31-Dec-2015	
Water Supply	Sites Reservoir Advocacy	40	Straus/Riehle		
Water Supply	District Tour	5	Board Discussion	31-May-2016	Discuss scheduling
	HOURS SUBTOTAL:	272			

**Citrus Heights Water District
General Manager's Task List
Date: 4/30/2016**

Category	Orange: High Priority Items	GM Hrs to Complete	Waiting on or delegated to:	Deadline	Notes
External Influences	Regional Water Authority Board & Executive Committee: Organize Files	20	Churchill	31-Dec-2015	
Water Distribution	District Capital Project 2011-01 : Fair Way 8" Metered Interconnection with Roseville	20	Churchill	1-Jul-2016	To CHWD Board and City Council in June
Water Distribution	District Capital Project 2012-09 : Blossom Hill Dr 6" Metered Interconnection with Roseville	20	Churchill	1-Jul-2016	To CHWD Board and City Council in June
Water Distribution	District Capital Project 2012-10 : Crestmont Dr 6" Metered Interconnection with Roseville	20	Churchill	1-Jul-2016	To CHWD Board and City Council in June
Water Quality	Gross Connection Ordinance Update	5	Churchill	15-Jun-2016	
Water Quality	Private Well Policy	5	Hensley	15-Jun-2016	
Water Supply	Cal Am Interconnection Agreements	5	Churchill		
Water Supply	Locate and Secure additional Well Sites	40	GM / OPS / WQS	ongoing	
HOURS SUBTOTAL:		135			

**Citrus Heights Water District
General Manager's Task List
Date: 4/30/2016**

Category	Yellow: Medium Priority Items	GM Hrs to Complete	Waiting on or delegated to:	Deadline	Notes
Administration	Master Plan Update: RFP for Engineering Services	0	PM/Engr Dept	15-Jul-2016	
Administration	Policies & Procedures: Write Missing Policies	32		ongoing	
Water Distribution	District Capital Project 2015-30 : Poplar Avenue 14"	10	Bennett Engr	15-May-2016	Design Phase
Water Distribution	District Capital Project 2015-31 : Baird Way 12"	10	Area West Engr	15-Jun-2016	Design Phase
Water Distribution	District Capital Project 2015-40: Mariposa Avenue 12"	10	Civil Engr Const	1-Aug-2016	Construction Phase
Water Distribution	District Capital Project 2013-32 : Dewey Dr Interconnection- w/SSWD & GWD	0	HOLD	1-Jun-2014	Design Phase
Water Distribution	Metering Projects: Meter Installation Policy Coordination with City of CH	2			
Water Distribution	Easements: Berry Lane	2			
Water Distribution	Easements: Ross	2			
Water Supply	Find Property Deeds: Wells Ave. Well Site	10		15-Jun-2016	Discuss with City of CH
	HOURS SUBTOTAL:	78			

**Citrus Heights Water District
General Manager's Task List
Date: 4/30/2016**

Category	Blue: Non-Priority Items	GM Hrs to Complete	Waiting on or delegated to:	Deadline	Notes
Human Resources	Salary Schedule Update	40	Every 3 Years	1-Sep-2016	Last Updated Jan 2014, Update by July 2016 for 2017 Budget
Human Resources	GASB 45 Actuarial Analysis	10		10-May-2016	In Process
Administration	2016 District Election	10		8-Nov-2016	Divisions One (4 year) and Two (2 year)
Administration	Conflict of Interest Code - Biennial Update	15	FPPC	31-Dec-2016	Biennial Update
Administration	Division Boundary Analysis	0	2020 Census	1-Jun-2021	Reviewed May 2011
Administration	Citrus Heights Water Takers Assn - Transcribe Meeting Minutes	20	Staff	1-Aug-2016	1917-1922 Handwritten Minutes of Predecessor to CHID / CHWD
Administration	Board of Directors Policies "3000 Series"	10	Every 4 Years	14-Feb-2016	Last completed 14 Feb 2012
Human Resources	Continued Education: Obtain and document contact hours for Water Treatment Operator T2 Certification	0	Renewed	1-Sep-2017	16 total hours needed
Human Resources	Continued Education: Obtain and document contact hours for Water Distribution Operator D5 Certification	0	Renewed	1-Jan-2018	36 total hours needed
Human Resources	Biennial Ethics Training	0	Every 2 Years	7-May-2017	Completed at ACWA Conference - 7 May 2015
Human Resources	Biennial Sexual Harassment Training	0	Every 2 Years	5-May-2017	Completed at ACWA JPIA Conference - 5 May 2015
Water Supply	Patton Ave Well Property Disposal			Hold	No Interested Parties
Water Supply	Watson Way Well Property Disposal			Hold	No Interested Parties
Water Supply	Public Health Goal Report & Public Hearing	1	OM, WRS	12-Jul-2016	Every 3 Years
Water Distribution	PIV Photos & Locks	3			
	HOURS SUBTOTAL:	109			
	HOURS TOTAL:	594			

CITRUS HEIGHTS WATER DISTRICT

GENERAL MANAGER'S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : LONG RANGE BOARD AGENDA
 STATUS : Information Item
 REPORT DATE : May 2, 2016

In an effort to plan workloads and schedules, Executive staff has been maintaining a Long Range Board Agenda, and the May update is provided below. Please let me know if you have any questions or comments.

Meeting Date	Item	Assigned To
May 31, 2016	Strategic Planning Meeting #1 Educational Tour and Issues Briefing	Churchill/Straus/Smoot
June 14, 2016	UWMP Public Hearing/Adoption	Straus/Meurer
	Public Health Goals (PHG) Call for Public Hearing	Gordon/Hensley
	Third Party Deposit Policy	Straus/Sohal
	Roseville Intertie Agreement	Churchill
	Water Supply Agreement	Churchill
	Closed Session—GM Evaluation	Churchill
	Closed Session--GM Succession Plg.	Board
June 26, 2016	Strategic Planning	Board & GM, Dept. Heads, Supervisors, ACE Pieri and WEC Meurer (13)
July 12, 2016	CIP Adoption	All
	Public Health Goals (PHG) Public Hearing	Gordon/Hensley
August 9, 2016	Budget & Rates Study Session	Straus/Sohal
September 13, 2016	Budget and Rates Workshop	Straus/Sohal
October 11, 2016		
November 8, 2016	Operating and Capital Budgets	Straus/Dietrich/Gordon
	Water Rates, Charges & Fees	Straus/Sohal
	Capacity Fees	Straus/Sohal
	Water Shortage Charges	Straus/Sohal
December 13, 2016		

CITRUS HEIGHTS WATER DISTRICT

GENERAL MANAGER'S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : OPERATIONS MANAGER APPOINTMENT
STATUS : Information Item
REPORT DATE : April 30, 2016

With the retirement of Operations Manager John Townsel on September 10, 2015, Associate Civil Engineer David Gordon was promoted to Interim Operations Manager effective September 14, 2015. This interim appointment was contingent upon Mr. Gordon obtaining certification as a Grade D-4 Water Distribution System Operator. I am pleased to report that Mr. Gordon has successfully passed the Grade D-4 examination. As such the title on "Interim" has been removed from his job title. Congratulations David!

CITRUS HEIGHTS WATER DISTRICT

GENERAL MANAGER'S REPORT TO BOARD OF DIRECTORS MAY 10, 2016 REGULAR MEETING

SUBJECT : ACWA 2016 SPRING CONFERENCE
STATUS : Information Item
REPORT DATE : April 30, 2016

GM Churchill will be attending the Association of California Water Agencies (ACWA) and the ACWA Joint Powers Insurance Authority Conferences in Monterey, CA from Tuesday May 3 to Friday May 6, 2016. A report on the Conferences will be provided to the Board of Directors at the May 10, 2016 Board of Directors Meeting.
