



Report on Audit

April 30, 2014 and 2013

Crestline Village Water District

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Exhibit "A" - Statements of Net Position, April 30, 2014 and 2013	7
Exhibit "B" - Statements of Revenues, Expenses, and Changes in Net Position for the years ended April 30, 2014 and 2013	9
Exhibit "C" - Statements of Cash Flows for the years ended April 30, 2014 and 2013	11
Notes to Financial Statements	14
Independent Auditor's Report on Supplementary Information	25
Supplementary Information:	
Schedule One - Schedule of Utility Plant and Accumulated Depreciation April 30, 2014	26
History and Organization	27
Financial Review	28
Balance Sheet Comments	30
Revenue and Expense Comments	34



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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Crestline Village Water District
777 Cottonwood Drive
Crestline, California 92325

We have audited the accompanying financial statements of Crestline Village Water District (District), CA as of and for the years ended April 30, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of April 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Rogers Anderson Maloney & Scott, LLP". The signature is written in a cursive style with a large, sweeping initial 'R'.

August 6, 2014
San Bernardino, CA

Crestline Village Water District

Management's Discussion and Analysis

The Water District

Crestline Village Water District (CVWD) was organized on January 19, 1954 and established under Division 12 of the Water Code of the State of California. CVWD has been engaged in financing, constructing, operating, maintaining and furnishing retail water service to its customers since inception. CVWD currently serves the Crestline (Division 10) and Lake Gregory (Division 20) areas and has about 4,955 water services. CVWD is governed by a five member Board of Directors that are elected at large from the registered voters living within the District's boundaries. The Board meets at 3:00 PM on the third Tuesday of each month at the District's office.

Water Supply

CVWD has two sources from which it obtains its water. There is a limited amount of water from local wells and the balance is obtained by purchasing imported water from the Crestline-Lake Arrowhead Water Agency. During this fiscal year, the local wells produced 368.3 acre-feet of water, or 51.0% of the total supply, while purchased imported water provided 353.9 acre-feet, or 49.0% of the total water supply. The current cost to purchase one acre-foot of imported water is \$1,150, while the cost of producing one acre-foot of well water is approximately \$354. In years of less than normal rainfall, the production of the local wells is less and CVWD must purchase more imported water. During this fiscal year, \$430,221 was spent on purchased water and \$450,000 has been budgeted for purchases in the next year. The demand for purchased imported water is expected to increase in the next fiscal year. While the cost of purchased water can fluctuate substantially from year to year depending on the rainfall and customer demands, CVWD has attempted to stabilize the cost impact to its customers by establishing a \$700,000 Reserve for Purchased Water to minimize the impact of the annual fluctuation in the cost of purchased water, evaluating and adjusting the amount spent on capital improvements each year, and by continually searching for new water sources within the District.

The Basic Financial Statements

Crestline Village Water District is a special-purpose government engaged in activities that support themselves through water charges, availability assessments and property tax revenues. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board (GASB).

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about our financial condition and operating results. They are the Statement of Net Positions, the Statements of Revenues, Expenses, and Changes in Net Positions, and the Statement of Cash Flows. The Statement of Net Positions presents our assets and liabilities and the difference, or net, between what we own and what we owe as of the last day of our fiscal year. The Statements of Revenues, Expenses, and Changes in Net Positions describe the financial results of our operations for the fiscal years reported. These results, or Changes in Net Positions, are the increases or decreases in the bottom line of the Statement of Net Positions. Readers also need to know how we manage our cash resources during the year to effect the Changes in Net Positions. This information is conveyed in the Statement of Cash Flows. These statements reconcile the income or loss from operations that are reported on the accrual basis with the actual cash inflows and uses. The Statement of Cash Flows also details how we obtain cash through financing and investing activities and, similarly, how we spend cash for these purposes.

Crestline Village Water District

Management's Discussion and Analysis

Water Rates for Crestline Village Water District

The water rate schedule for Crestline (Division 10) and Lake Gregory (Division 20) were unchanged from July 2004 to July 2013. Effective July 2013, the monthly minimum charge for Lake Gregory (Division 20) was decreased by \$4.50 per month bringing the monthly minimum charge to \$17.50 for both Divisions. The basic quantity allocation rate from 0 to 1,300 cubic feet remained at \$4.20 per 100 cubic feet. The quantity rate for water consumption in excess of 1,300 cubic feet also remained unchanged at \$6.30 per 100 cubic feet.

Summary Financial Information and Analysis

	<u>2014</u>	<u>2013</u>
<u>REVENUES, EXPENSES, AND CHANGES IN NET POSITION</u>		
Operating revenues:		
Water sales	\$ 2,338,203	\$ 2,497,114
Water services	<u>80,696</u>	<u>84,738</u>
Total Operating Revenues	<u>2,418,899</u>	<u>2,581,852</u>
Operating expenses:		
Source of supply - labor and maintenance	70,606	77,121
Source of supply - purchased water	430,221	269,692
Pumping - labor and maintenance	6,967	26,271
Pumping - power purchased	59,257	67,048
Water treatment	19,129	22,519
Transmission and distribution	195,580	169,876
Customer accounts	33,052	41,191
Administrative and general	1,675,137	1,619,870
Depreciation and amortization	<u>590,728</u>	<u>596,176</u>
Total operating expenses	<u>3,080,677</u>	<u>2,889,764</u>
Operating loss	(661,778)	(307,912)
Nonoperating revenues	422,436	369,111
Nonoperating expenses	<u>-</u>	<u>(12,358)</u>
Income (loss) before contributions	(239,342)	48,841
Property contributions (contributions in aid of construction)	<u>14,090</u>	<u>5,090</u>
Change in net position	<u>\$ (225,252)</u>	<u>\$ 53,931</u>

The operating revenues for this fiscal year were \$2,418,899 compared with \$2,581,852 for the prior year ended April 30, 2013. The operating expenses for this fiscal year were \$3,080,677 compared with \$2,889,764 for the year ended April 30, 2013. Operating loss for this fiscal year was \$661,778 compared with operating loss of \$307,912 for the prior year ended April 30, 2013. Loss of revenue and an increase in purchased water was the main reason for the change in operating income.

Crestline Village Water District

Management's Discussion and Analysis

Summary Financial Information and Analysis (continued)

Nonoperating revenues of \$383,535 from property taxes, availability assessments, interest and other income plus nonoperating gains on disposal of utility plant of \$38,901 resulted in \$422,436 nonoperating income. This is compared with nonoperating income of \$356,753 for the prior year ended April 30, 2013.

Loss before contributions was \$239,342 (operating loss of \$661,778 plus nonoperating income of \$422,436) for the current fiscal year. This is down from an income before contributions of \$48,841 from the prior fiscal year. Loss before contributions of \$239,342 is added to the property contributions of \$14,090 for a change in net position for the current fiscal year of (\$225,252).

NET POSITION AND CASH FLOWS

As shown above, total net position of CVWD decreased by \$239,342 for the fiscal year. CVWD had a net increase in cash for the year of \$225,948. The ratio of current assets to current liabilities is 24:1 compared with 27:1 for the prior fiscal year.

Capital Improvements

CVWD strives to provide the best possible service to its customers. To provide this service, CVWD has adopted programs to upgrade or replace its water facilities as it becomes necessary. CVWD also continues to replace and upgrade old equipment to provide an efficient and safe environment for our customers and employees. During the past year, CVWD added \$113,945 in utility plant. This included transmission and distribution improvements of \$5,044.

Planned Improvements

CVWD has planned future projects for the improvement of the water system that extends to 2019. The projects are for replacing or adding new water mains, water well exploration and development, improving proposed water storage tanks, building new water storage tanks, and replacing aging heavy equipment. CVWD is endeavoring to pay for these projects on a pay-as-you-go basis over the next five years at the average rate of \$400,000 per year (\$2,000,000/ 5 years). The planned costs are as follows:

Water main projects, installing 2,500 feet	\$ 150,000
Well exploration and development	250,000
Proposed new water storage tanks	1,300,000
Heavy equipment replacement	300,000
Total	<u>\$ 2,000,000</u>

Crestline Village Water District

Management's Discussion and Analysis

Planned Improvements (continued)

For the 2014-15 fiscal year, CVWD has planned the following improvements:

Mainline Replacement / Extensions	
Lakeview – Approx. 2,500 LF @ \$60.00	\$ 150,000
Storage Tank Work	
Zurich II – New 0.20 MG Tank	557,500
Zurich II – Engineering/Inspection	110,340
Zurich I – Demolition	70,000
Zurich I – Preliminary	50,000
Well Development	
Valle Drive	100,000
Electra 64 & Chillon 64	50,000
Exploration	25,000
Upgrade Telemetry Equip	10,000
Other Improvements	25,000
Field Equipment	
General	20,000
Office & Maintenance Facility	
Window Treatments	8,000
General	10,000
Office Equipment	
General	5,000
Office Computer Equipment	25,000
Total	<u>\$ 1,215,840</u>

Regulatory and Environmental Planning

The United States Environmental Protection Agency (USEPA) and the California Department of Health Services (DOHS) prescribe regulations that establish standards for the drinking water provided by CVWD to its customers. CVWD continually tests the water it delivers to its customers to ensure that the water meets these standards. The USEPA has indicated that it is considering adopting more stringent regulations in several areas that would require CVWD to increase the level of water treatment to ensure that the water would meet the proposed new standards. The additional water treatment would require additional capital improvement costs and increased operating costs. The extent of these costs are unknown until the regulations are adopted and an implementation schedule is established.

**Statements of Net Position
For April 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash in bank	\$ 209,954	\$ 145,432
Cash on hand	500	250
Local Agency Investment Fund	2,565,470	2,404,294
Accounts receivable - water service	207,119	250,249
Allowance for doubtful accounts	(5,995)	(1,835)
Accounts receivable - other	2,011	2,011
Accrued interest receivable	491	552
Inventory of materials and supplies	101,026	101,309
Prepaid expenses	67,005	68,487
Availability assessments receivable	51,853	48,557
Property taxes receivable, net	61,236	72,990
Total current assets	<u>3,260,670</u>	<u>3,092,296</u>
Noncurrent assets:		
Capital assets:		
Utility plant in service	22,022,989	22,039,635
Less accumulated depreciation	(11,696,562)	(11,236,425)
Construction in progress	117,404	11,494
Total noncurrent assets	<u>10,443,831</u>	<u>10,814,704</u>
Total assets	<u>\$ 13,704,501</u>	<u>\$ 13,907,000</u>

The accompanying notes are an integral part of these financial statements.

**Statements of Net Position
For April 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 62,486	\$ 45,550
Deposits	4,080	955
Accrued payroll taxes	86	169
Accrued overtime leave	2,649	1,602
Accrued paid time off	52,729	53,964
Net OPEB obligation	14,125	-
Retirement plan contribution payable	879	12,041
Total current liabilities	<u>137,034</u>	<u>114,281</u>
 NET POSITION		
Net investment in capital assets	10,443,831	10,814,704
Unrestricted	<u>3,123,636</u>	<u>2,978,015</u>
Total net position	<u>\$ 13,567,467</u>	<u>\$ 13,792,719</u>

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Water sales:		
Residential	\$ 2,079,555	\$ 2,217,972
Business	255,992	276,990
Other	2,656	2,152
	<u>2,338,203</u>	<u>2,497,114</u>
Water services:		
Turn-on and shut-off charges	80,696	84,738
	<u>80,696</u>	<u>84,738</u>
Total operating revenues	<u>2,418,899</u>	<u>2,581,852</u>
Operating expenses:		
Source of supply:		
Supervision, labor and expense	66,845	68,692
Maintenance - structures and improvements	3,761	8,429
Purchased water	430,221	269,692
	<u>500,827</u>	<u>346,813</u>
Pumping:		
Maintenance - structures, improvements and equipment	6,967	26,271
Power purchased for pumping	59,257	67,048
	<u>66,224</u>	<u>93,319</u>
Water treatment:		
Supervision, labor and expenses	14,320	18,908
Maintenance - structures and improvements	4,809	3,611
	<u>19,129</u>	<u>22,519</u>
Transmission and distribution:		
Maintenance - structures and plant	195,580	169,876
	<u>195,580</u>	<u>169,876</u>
Customer accounts:		
Supervision, meter readings and other expenses	33,052	41,191
	<u>33,052</u>	<u>41,191</u>

The accompanying notes are an integral part of these financial statements.

**Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended April 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Administration and general:		
Salaries	\$ 373,177	\$ 374,043
Office supplies and other expense	313,484	245,488
Property insurance, injuries and damages	99,397	88,123
Employees' retirement and benefits	819,536	822,251
Maintenance - general plant	62,443	82,365
Directors' fees	7,100	7,600
	<u>1,675,137</u>	<u>1,619,870</u>
Other operating expenses:		
Depreciation and amortization	<u>590,728</u>	<u>596,176</u>
Total operating expenses	<u>3,080,677</u>	<u>2,889,764</u>
Operating loss	<u>(661,778)</u>	<u>(307,912)</u>
Nonoperating revenues:		
Interest	7,393	6,893
Taxes and assessments	208,087	206,340
Availability assessments	147,595	147,480
Other	20,460	8,398
Total nonoperating revenues	<u>383,535</u>	<u>369,111</u>
Nonoperating expenses:		
Gain (loss) on retirement of plant	<u>38,901</u>	<u>(12,358)</u>
Income (loss) before contributions	(239,342)	48,841
Contributions:		
Capital contributions	<u>14,090</u>	<u>5,090</u>
Change in net position	(225,252)	53,931
Net position - beginning of the year	<u>13,792,719</u>	<u>13,738,788</u>
Net position - end of the year	<u>\$ 13,567,467</u>	<u>\$ 13,792,719</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
For the Years Ended April 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 2,469,314	\$ 2,585,785
Cash paid to suppliers	(837,589)	(478,347)
Cash paid for employee services	(1,645,354)	(1,683,669)
Other revenue	20,460	8,398
	<u>6,831</u>	<u>432,167</u>
Net cash provided by operating activities	<u>6,831</u>	<u>432,167</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Taxes and assessments received	219,841	207,975
Availability assessments received	144,299	141,445
	<u>364,140</u>	<u>349,420</u>
Net cash provided by noncapital financing activities	<u>364,140</u>	<u>349,420</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on retirement of utility plant	38,901	1,990
Capital contributions	14,090	5,090
Cash purchases of utility plant	(205,468)	(277,223)
	<u>(152,477)</u>	<u>(270,143)</u>
Net cash (used for) capital and related financing activities	<u>(152,477)</u>	<u>(270,143)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	7,454	6,965
	<u>7,454</u>	<u>6,965</u>
Net cash provided by investing activities	<u>7,454</u>	<u>6,965</u>
Increase in cash and cash equivalents	225,948	518,409
Cash and cash equivalents - beginning of year	<u>2,549,976</u>	<u>2,031,567</u>
Cash and cash equivalents - end of year	<u>\$ 2,775,924</u>	<u>\$ 2,549,976</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
For the Years Ended April 30, 2014 and 2013

**RECONCILIATION OF CASH PER STATEMENT OF
CASH FLOWS TO THE STATEMENT OF NET POSITION:**

	<u>Cash</u> <u>April 30, 2013</u>	<u>Net Increase</u>	<u>Cash</u> <u>April 30, 2014</u>
CURRENT ASSETS:			
Cash in bank	\$ 145,432	\$ 64,522	\$ 209,954
Cash on hand	250	250	500
Local Agency Investment Fund	<u>2,404,294</u>	<u>161,176</u>	<u>2,565,470</u>
Total	<u>\$ 2,549,976</u>	<u>\$ 225,948</u>	<u>\$ 2,775,924</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
For the Years Ended April 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (661,778)	\$ (307,912)
Adjustments:		
Depreciation and amortization	590,728	596,176
Other revenue	20,460	8,398
	<u>(50,590)</u>	<u>296,662</u>
CHANGES IN ASSETS AND LIABILITIES:		
(Increase) decrease in accounts receivable - water	43,130	(9,522)
Increase (decrease) in allowance for doubtful accounts	4,160	(2,417)
(Increase) decrease in accounts receivable - other	-	15,952
(Increase) decrease in inventory	283	161,672
(Increase) decrease in prepaid expenses	1,482	(15,005)
Increase (decrease) in accounts payable	2,549	17,811
Increase (decrease) in deposits	3,125	(80)
Increase (decrease) in accrued wages payable	-	(31,626)
Increase (decrease) in accrued payroll taxes	(83)	39
Increase (decrease) in accrued overtime leave	1,047	770
Increase (decrease) in net OPEB obligation	14,125	2,641
Increase (decrease) in accrued paid time off	(1,235)	-
Increase (decrease) in retirement plan contribution payable	(11,162)	(4,730)
	<u>57,421</u>	<u>135,505</u>
Net cash provided by operating activities	<u>\$ 6,831</u>	<u>\$ 432,167</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Utility plant and construction in progress additions included in accounts payable as of April 30, 2014 and 2013 were \$14,387 and \$6,073, respectively.

Crestline Village Water District

Notes to Financial Statements For the Years Ended April 30, 2014 and 2013

Note 1: Nature of Activities and Significant Accounting Policies

Reporting entity

Crestline Village Water District - A corporation organized and existing under Division 12 of the Water Code of the State of California. The original District, as organized on January 19, 1954, is referred to as Division 10. On October 1, 1979, Division 20 (pertains to the area formerly known as the Lake Gregory Water Company) became a part of the District.

Nature of business

Crestline Village Water District (the District) was organized on January 19, 1954, under authority of the California Water Code. The District has been engaged in financing, constructing, operating, maintaining and furnishing water service to its customers since inception.

Method of accounting

The District has elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board.

Basis of accounting

The Crestline Village Water District uses the accrual method of accounting in conformity with the Uniform System of Accounts for Water Utility Districts as prescribed by the Controller of the State of California.

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

The enterprise fund (water) is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Water customers are billed on a monthly basis and the related revenues are recorded when customers are billed.

The utility plant is stated at original cost, which includes direct labor. The depreciation has been computed on the straight-line method based on the estimated service lives of the depreciable properties, which range from two to fifty years. The cost of maintenance is charged to operating expense.

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

Crestline Village Water District

Notes to Financial Statements For the Years Ended April 30, 2014 and 2013

Note 1: Nature of Activities and Significant Accounting Policies (continued)

Capital contributions represent cash or utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment. Depreciation of contributed utility plant additions is charged to operations.

Allowance for doubtful accounts

The District uses the allowance method to account for uncollectible customer accounts receivable. The allowance is based on management's estimate of possible bad debts. The allowance for doubtful accounts is \$5,995 and \$1,835 at April 30, 2014 and 2013, respectively.

Inventory

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenses when used (consumption method).

Net position restricted

Restrictions of the net position indicate the portions of net position not appropriate for expenditures or amounts legally segregated for a specific future use. As of April 30, 2014 and 2013, the District had no restricted amounts.

Net position is categorized as follows

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of “net investment in capital assets.” Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Statement of cash flows

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

Crestline Village Water District

Notes to Financial Statements
For the Years Ended April 30, 2014 and 2013

Note 1: Nature of Activities and Significant Accounting Policies (continued)

Use of estimates

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

Operating and nonoperating revenues

Operating revenue includes revenues from water sales and services. Nonoperating revenue includes revenues from all other sources, including taxes and assessments, investment income, and gain on sale of assets.

Note 2: Cash and Investments

Cash and investments as of April 30, 2014 and 2013 are classified in the accompanying financial statements as follows:

	<u>2014</u>	<u>2013</u>
Statements of net position:		
Current assets:		
Cash in bank and on hand	\$ 210,454	\$ 145,682
Cash in Local Agency Investment Fund	<u>2,565,470</u>	<u>2,404,294</u>
Total cash and investments	<u><u>\$ 2,775,924</u></u>	<u><u>\$ 2,549,976</u></u>

Cash and investments as of April 30, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Deposits with financial institutions	\$ 209,954	\$ 145,432
Cash on hand	500	250
Investment in Local Agency Investment Fund	<u>2,565,470</u>	<u>2,404,294</u>
Total cash and investments	<u><u>\$ 2,775,924</u></u>	<u><u>\$ 2,549,976</u></u>

Crestline Village Water District

**Notes to Financial Statements
For the Years Ended April 30, 2014 and 2013**

Note 2: Cash and Investments (continued)

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

For April 30, 2014 and 2013, the table below identifies the investment types that are authorized by the District's investment policy and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the District's investment policy that address interest rate risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes or Bonds	1 year	None	None
Negotiable Certificates of Deposit	1 year	None	None
California Local Agency Investment Fund	N/A	None	\$50 Million
Government Agency Securities	1 year	None	None

Disclosures Relating to Interest Rate Risk

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

As of April 30, 2014 and 2013, the District had the following investments and maturities:

	2014		2013	
	Fair Value	Maturity	Fair Value	Maturity
State Investment pool	\$ 2,565,470	6 months average	\$ 2,404,294	7 months average

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

At April 30, 2014 and 2013, the District did not hold investments that were highly sensitive to interest rate fluctuations beyond that already indicated in the information provided above.

Crestline Village Water District

Notes to Financial Statements For the Years Ended April 30, 2014 and 2013

Note 2: Cash and Investments (continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>
<i>April 30, 2014</i>			
State Investment Pool	<u>\$ 2,565,470</u>	N/A	<u>\$ 2,565,470</u>
<i>April 30, 2013</i>			
State Investment Pool	<u>\$ 2,404,294</u>	N/A	<u>\$ 2,404,294</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At April 30, 2014 and 2013, the District did not hold any investments in any one issuer (other than external 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, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of April 30, 2014 and 2013, none of the District's deposits with financial institutions were in excess of federal depository insurance limits.

Crestline Village Water District

**Notes to Financial Statements
For the Years Ended April 30, 2014 and 2013**

Note 2: Cash and Investments (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The District may invest up to \$50,000,000 in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at <http://www.treasurer.ca.gov>.

The District's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3: Utility Plant

A summary of changes in utility plant follows:

April 30, 2014

	Balance April 30, 2013	Additions and Transfers	Retirements and Transfers	Balance April 30, 2014
Land and other land rights	\$ 300,168	\$ -	\$ -	\$ 300,168
Source of supply plant	666,844	-	-	666,844
Pumping plant	460,706	-	-	460,706
Water treatment	90,468	-	-	90,468
Transmission and distribution plant	17,662,000	5,044	-	17,667,044
General plant	2,859,449	108,901	(130,591)	2,837,759
Utility plant in service	<u>22,039,635</u>	<u>113,945</u>	<u>(130,591)</u>	<u>22,022,989</u>
Less accumulated depreciation	(11,236,425)	(590,728)	130,591	(11,696,562)
Construction in progress	<u>11,494</u>	<u>105,910</u>	<u>-</u>	<u>117,404</u>
Total	<u>\$ 10,814,704</u>	<u>\$ (370,873)</u>	<u>\$ -</u>	<u>\$ 10,443,831</u>

Crestline Village Water District

Notes to Financial Statements For the Years Ended April 30, 2014 and 2013

Note 3: Utility Plant (continued)

April 30, 2013

	Balance April 30, 2012	Additions and Transfers	Retirements and Transfers	Balance April 30, 2013
Land and other land rights	\$ 300,168	\$ -	\$ -	\$ 300,168
Source of supply plant	666,844	-	-	666,844
Pumping plant	460,706	-	-	460,706
Water treatment	90,468	-	-	90,468
Transmission and distribution plant	17,482,930	266,056	(86,986)	17,662,000
General plant	2,853,012	6,585	(148)	2,859,449
Utility plant in service	21,854,128	272,641	(87,134)	22,039,635
Less accumulated depreciation	(10,713,663)	(596,176)	73,414	(11,236,425)
Construction in progress	1,466	202,202	(192,174)	11,494
Total	<u>\$ 11,141,931</u>	<u>\$ (121,333)</u>	<u>\$ (205,894)</u>	<u>\$ 10,814,704</u>

Note 4: Defined Benefit Pension Plan (PERS)

Plan Description

Crestline Village Water District contributes to the California Public Employees' Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814.

All full-time District employees are required to participate in PERS with benefits vesting after five years of service. District employees who retire at age 55 are entitled to an annual retirement benefit, payable monthly for life. The retirement benefit is equal to 2.5% times the number of years of services as a percentage of their monthly average wage for the final 36 months' consecutive full-time equivalent.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. For the years ended April 30, 2014 and 2013, the amount contributed by the District on behalf of the employees was \$62,334 and \$65,510, respectively. Benefit provisions and all other requirements are established by state statute and District ordinance.

Crestline Village Water District

Notes to Financial Statements For the Years Ended April 30, 2014 and 2013

Note 4: Defined Benefit Pension Plan (PERS) (continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference which is called the net pension obligation (NPO). The ARC for the year ended April 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. The contribution rate indicated for the period is 29.501% of covered payroll. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of April 30, 2014, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period May 1, 2013 to April 30, 2014. A summary of the APC for the current year and each of the two preceding years is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
April 30, 2012	\$ 291,226	100%	\$ -0-
April 30, 2013	306,195	100%	-0-
April 30, 2014	298,585	100%	-0-

Note 5: Postemployment Benefits Other Than Pensions

During the year ended April 30, 2010, the District implemented GASB No. 45 which changed the accounting and financial reporting used by local government employers for postemployment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are as set forth in the following.

Plan Description

The District provides postemployment medical, dental and vision benefits through the Association of California Water Agencies, Anthem Blue Cross, California Care HMO, and Kaiser HMO to eligible employees who retire from the District and qualified dependents. Eligible retirees also receive District-paid dental and vision coverage. The benefits provide retired employees with the same medical insurance coverage available to current employees. Retirees with 10 to 40 years of service will receive between 25 and 100 percent paid medical benefits, depending on date of hire. Please refer to the plan document for complete coverage details.

Crestline Village Water District

Notes to Financial Statements
For the Years Ended April 30, 2014 and 2013

Note 5: Postemployment Benefits Other Than Pensions (continued)

Funding Policy and Annual Other Postemployment Benefit Costs

On June 21, 2011, the District adopted the PARS Public Agencies Post-Retirement Health Care Plan Trust Agreement, including the PARS Post-Retirement Health Care Plan, as part of the District's retirement program. The District intends to fund the other postemployment benefits (OPEB) obligation into the PARS Trust. The District's annual OPEB expense for the plan is calculated based on the annual required contribution (ARC) of the employer, 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 the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The District's annual OPEB cost for the current year and the related information for the plan are shown below.

	<u>April 30, 2014</u>	<u>April 30, 2013</u>
Annual required contribution	\$ 185,033	\$ 178,496
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	<u>185,033</u>	<u>178,496</u>
Contributions made	<u>(170,908)</u>	<u>(178,496)</u>
Increase (decrease) in net OPEB obligation	14,125	-
Net OPEB obligation - beginning of year	-	-
Net OPEB obligation - end of year	<u><u>\$ 14,125</u></u>	<u><u>\$ -</u></u>

The District's annual OPEB cost has been recognized as a part of the operating expenses of the District in the accompanying financial statements.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous two years are presented in the following table.

<u>Plan</u>	<u>Year End</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Retired Employees Healthcare Plan	April 30, 2012	\$ 173,564	\$ 404,233	233%	\$ -
Retired Employees Healthcare Plan	April 30, 2013	178,496	178,496	100%	-
Retired Employees Healthcare Plan	April 30, 2014	185,033	170,908	92%	14,125

Crestline Village Water District

**Notes to Financial Statements
For the Years Ended April 30, 2014 and 2013**

Note 5: Postemployment Benefits Other Than Pensions (continued)

Funded Status

The funded status of the plan as of April 30, 2014, based on the May 1, 2012 actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$2,506,560
Value of trust assets at April 30, 2014	<u>331,660</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$2,174,900</u></u>
Funded ratio (value of trust assets / AAL)	13.23%
Covered payroll (active plan members)	\$762,525
UAAL as a percentage of covered payroll	285%

Actuarial valuations of the 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 District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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 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 assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Valuation date	May 1, 2012
Actuarial cost method	Projected unit credit
Amortization method	30-year level dollar; open period
Remaining amortization period	30 years as of the value date
Asset valuation method	N/A – no assets
Actuarial assumptions:	
Investment rate of return	6.0%
District cap increases	3.0%

	<u>Year</u>	<u>Increase</u>
Healthcare trend rate	2013	8.0%
	2014	7.0%
	2015+	6.0%
Dental trend rate	All years	4.0%

Note 6: Risk Management

Crestline Village Water District

**Notes to Financial Statements
For the Years Ended April 30, 2014 and 2013**

The District is exposed to various risks of loss due to torts, theft of (or damage to and destruction of) assets, error and omissions, injuries to employees, and natural disasters. The District participates in a joint venture under a Joint Powers Agreement (JPA) with the Association of California Water Agencies Joint Powers Insurance Authority (the Authority). The Authority is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500 et. sec.

The Authority is governed by a board consisting of a representative from each member agency. The board controls the operations of the Authority including selection of management and approval of operating budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. At April 30, 2014, the District participation in the insurance programs of the Authority is shown as follows:

	Deductible	Pooled Self Insured	Third Party
General liability	None	\$2,000,000	\$ 9 million to \$ 58 million
Auto liability	None	2,000,000	9 million to 58 million
Public officials liability	None	2,000,000	9 million to 58 million
Property			
Buildings and equipment	\$ 5,000	\$ 100,000	\$100,000,000
Mobile equipment	5,000	100,000	100,000,000
Licensed vehicle	1,000	100,000	100,000,000
Fidelity	1,000	100,000	None
Boiler and machinery	Various	100,000	100,000,000

Condensed financial information of the Authority for the year ended September 30, 2013 is as follows:

Total assets	<u>\$ 194,823,604</u>
Total liabilities	\$ 100,307,836
Net assets	<u>94,515,768</u>
Total liabilities and net assets	<u>\$ 194,823,604</u>
Total revenues	\$ 140,452,408
Total expenses	<u>133,299,974</u>
Change in net assets	<u>\$ 7,152,434</u>



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Board of Directors
Crestline Village Water District
Crestline, California 92325

***Independent Auditor's Report
on Supplementary Information***

We have audited the financial statements of Crestline Village Water District as of and for the years ended April 30, 2014 and 2013, and have issued our report thereon dated August 6, 2014 which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The information on pages 26 to 35 is presented for the purposes of additional analysis and is not a required part of the financial statements.

The information on pages 26 to 35 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rogers Anderson Malody & Scott, LLP

August 6, 2014
San Bernardino, CA

**Schedule of Utility Plant and Accumulated Depreciation
April 30, 2014**

	COST OF UTILITY PLANT				ACCUMULATED DEPRECIATION			
	Balance April 30, 2013	Additions	Retirements	Balance April 30, 2014	Balance April 30, 2013	Provision	Retirements	Balance April 30, 2014
LAND:								
Land	\$ 297,067	\$ -	\$ -	\$ 297,067	\$ -	\$ -	\$ -	\$ -
Other land rights	3,101	-	-	3,101	-	-	-	-
	<u>300,168</u>	<u>-</u>	<u>-</u>	<u>300,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SOURCE OF SUPPLY PLANT:								
Structures and improvements	17,712	-	-	17,712	7,967	696	-	8,663
Wells, springs and infiltration galleries	624,246	-	-	624,246	343,253	22,608	-	365,861
Crestline-Lake Arrowhead Water Agency meter connection	24,886	-	-	24,886	24,886	-	-	24,886
	<u>666,844</u>	<u>-</u>	<u>-</u>	<u>666,844</u>	<u>376,106</u>	<u>23,304</u>	<u>-</u>	<u>399,410</u>
PUMPING PLANT:								
Structures and improvements	266,133	-	-	266,133	219,166	5,572	-	224,738.00
Pumping equipment	143,394	-	-	143,394	110,838	3,078	-	113,916.00
Telemetry equipment	51,179	-	-	51,179	50,706	118	-	50,824.00
	<u>460,706</u>	<u>-</u>	<u>-</u>	<u>460,706</u>	<u>380,710</u>	<u>8,768</u>	<u>-</u>	<u>389,478</u>
WATER TREATMENT:								
Structures and improvements	10,041	-	-	10,041	10,041	-	-	10,041
Equipment	80,427	-	-	80,427	73,411	1,055	-	74,466
	<u>90,468</u>	<u>-</u>	<u>-</u>	<u>90,468</u>	<u>83,452</u>	<u>1,055</u>	<u>-</u>	<u>84,507</u>
TRANSMISSION AND DISTRIBUTION PLANT:								
Structures and improvements	525,708	-	-	525,708	329,596	22,637	-	352,233
Reservoirs and tanks	5,243,285	-	-	5,243,285	1,972,216	170,205	-	2,142,421
Transmission and distribution mains	8,422,288	-	-	8,422,288	4,108,195	170,251	-	4,278,446
Hydrants	790,025	-	-	790,025	732,652	11,726	-	744,378
Service taps	1,091,025	4,127	-	1,095,152	899,506	24,819	-	924,325
Meters	1,589,669	917	-	1,590,586	120,172	79,483	-	199,655
	<u>17,662,000</u>	<u>5,044</u>	<u>-</u>	<u>17,667,044</u>	<u>8,162,337</u>	<u>479,121</u>	<u>-</u>	<u>8,641,458</u>
GENERAL PLANT:								
Structure and improvements	\$ 1,245,726	\$ 13,221	\$ (2,152)	\$ 1,256,795	\$ 793,845	\$ 35,257	\$ (2,152)	826,950
Office furniture and equipment	363,877	1,871	-	365,748	311,219	15,470	-	326,689
Transportation equipment	438,957	92,889	(128,439)	403,407	403,567	11,798	(128,439)	286,926
Tools, shop and garage equipment	681,487	920	-	682,407	662,217	5,290	-	667,507
Communication equipment	129,402	-	-	129,402	62,972	10,665	-	73,637
	<u>2,859,449</u>	<u>108,901</u>	<u>(130,591)</u>	<u>2,837,759</u>	<u>2,233,820</u>	<u>78,480</u>	<u>(130,591)</u>	<u>2,181,709</u>
Totals	<u>22,039,635</u>	<u>113,945</u>	<u>(130,591)</u>	<u>22,022,989</u>	<u>11,236,425</u>	<u>590,728</u>	<u>(130,591)</u>	<u>11,696,562</u>

Crestline Village Water District

History and Organization

This District was organized on January 19, 1954, under authority of the California Water Code.

A bond issue of \$460,000 was authorized by an election held on January 25, 1955. General Obligation Water Bonds of 1955 - First Division were issued and sold as of April 1, 1955, in the amount of \$350,000. The utility water plant was purchased from the Crestline Village Mutual Service Company on May 15, 1955, at a cost of \$283,369. The balance of the bond issue proceeds were used to pay the cost of the District's formation and to acquire additional plant facilities. The First Division bond was paid off in April, 1987.

The remaining \$110,000 of authorized bonds, designated "General Obligation Water Bonds, Election 1955 - Second Division," were sold as of November 1, 1972. Proceeds of the bond issue were invested in certificates of deposit until used in the District's Master Plan. The Second Division bond was paid off in November, 1987.

As explained in Note 1 of this audit report, Division 10 refers to the original District as organized plus any growth (except Division 20) to the District through April 30, 2014. On October 1, 1979, the District almost doubled in growth by signing a purchase agreement to acquire the Lake Gregory Water Company (Division 20).

Directors of the District Board as of April 30, 2014, were as follows:

Darel V. Davis, President
Alan Clanin, Vice-President
Steven C. Farrell, Director
William J. Huckell, Director
Kenneth Stone, Director

The General Manager and Secretary to the Board is Karl B. Drew. The Office Manager is Larrie Davis.

Crestline Village Water District

Financial Review

In 1968, the Board of Directors adopted a Master Plan for construction to modernize and expand the District's utility plant and to provide facilities to receive and distribute water from the California Water Project. The Master Plan was updated in 1972. In March, 1972, the District began receiving Feather River water. The Master Plan continues to be updated to meet future water demands of the District.

The Division 20 water rates were slightly higher to assist in covering the purchase price being paid by the District for the Division 20 area and also to assist in the improvements needed to the water system. In July 2013 all improvements were completed and the associated debt for the improvements has been retired.

Effective July, 1991, the District changed from bi-monthly billing to monthly billing for both Divisions 10 and 20. Effective July, 2004 the monthly minimum charge was increased \$2.00 across the board over the previous monthly minimum charge effective July 1993. Effective July 2013 the Board of Directors approved a reduction in the Monthly Minimum Charge for Lake Gregory (Division 20). The monthly minimum charge was reduced by \$4.50, equalizing the rates between the two divisions.

Meter size	Effective July, 2013 All Divisions	Effective July, 2004 Division 10	Effective July, 1993 Division 10	Effective July, 2004 Division 20	Effective July, 1993 Division 20
5/8 X 3/4 inch meter	\$17.50	\$17.50	\$15.50	\$22.00	\$20.00
3/4 inch meter	18.50	18.50	16.50	23.00	21.00
1 inch meter	19.50	19.50	17.50	24.00	22.00
1 inch meter (residential fire service)	21.75	21.75	19.75	26.25	24.25
1 1/2 inch meter	23.50	23.50	21.50	28.00	26.00
2 inch meter	28.50	28.50	26.50	33.00	31.00
3 inch meter	34.50	34.50	32.50	39.00	37.00

In addition to the monthly minimum charge, monthly water usage for Division 10 and 20 was increased in July, 2004. There was no change in monthly water usage charges with the July, 2013 monthly minimum rate change.

	Effective July, 2004 Per 100 cu ft	Effective July, 1993 Per 100 cu ft
Water usage from 0 through 1,300 cubic feet	\$4.20	\$3.75
Water usage in excess of 1,300 cubic feet	6.30	5.63

Crestline Village Water District

Financial Review

Active metered services for the District changed during the fiscal year ended April 30, 2014, as follows:

	Division 10	Division 20	Total
April 30, 2014	2,244	2,699	4,943
April 30, 2013	<u>2,251</u>	<u>2,702</u>	<u>4,953</u>
	<u><u>-7</u></u>	<u><u>-3</u></u>	<u><u>-10</u></u>

The San Bernardino County Auditor – Controller’s schedule of March 22, 2010, listed the following tentative assessed valuations for Divisions 10 and 20 for the fiscal year 2013-2014, from which we computed the total amount of tax or levy expected:

	General District Division 10 and 20 <u>Assessed Valuation</u>
Secured	\$690,674,765
Utility	80,905
Unsecured	3,692,741
State Reimbursed Exemption	<u>9,669,800</u>
	<u><u>\$704,118,211</u></u>
 Total Levy	 <u><u>\$202,306</u></u>

The San Bernardino County’s 2013-2014 allocation of the \$1 maximum tax rate per \$100 assessed valuation to the District was a levy of approximately \$.0287 per \$100 assessed valuation.

Crestline Village Water District

Balance Sheet Comments

Utility Plant

A summary of fixed asset additions by principal classification is presented in Schedule One. The 2013-2014 additions are as follows:

TRANSMISSION & DESTRIUTION - SERVICES

2 New Services	\$ 4,127
	<u>4,127</u>

TRANSMISSION & DESTRIUTION - METERS

2 New Meters	917
	<u>917</u>

GENERAL PLANT STRUCTURES & IMPROVEMENTS

Exterior Light Poles	12,511
Expand Fencing	710
	<u>13,221</u>

GENERAL PLANT OFFICE FURNITURE & EQUIPMENT

Optiplex 3020 Desktop (2)	1,871
	<u>1,871</u>

GENERAL PLANT - TRANSPORTATION EQUIPMENT

2013 Ford F150 Super Cab 4WD with Utility Body (2)	64,157
2014 Ford Explorer 4WD	28,732
	<u>92,889</u>

GENERAL PLANT - TOOLS, SHOP, & GARAGE EQUIPMENT

14" Cutoff Saw	920
	<u>920</u>

Total additions	<u>\$ 113,945</u>
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Crestline Village Water District

Balance Sheet Comments

Retirements during 2013-2014 are shown in detail below:

	<u>Sales Price</u>	<u>Cost</u>	<u>Accumulated Deprec.</u>	<u>Gain (Loss)</u>
<u>GENERAL PLANT -</u>				
<u>STRUCTURES & IMPROVEMENTS</u>				
Admin Light Poles	\$ -	\$ 2,152	\$ 2,152	\$ -
	-	2,152	2,152	-
<u>GENERAL PLANT -</u>				
<u>TRANSPORTATION EQUIPMENT</u>				
1990 Ford Flatbed & toolboxes	2,505	20,133	20,133	2,505
1973 Jeep Utility	1,000	600	600	1,000
1974 Jeep Utility	1,000	700	700	1,000
1974 Jeep Engine	-	787	787	-
1995 Ford F250 4X4 Utility	5,000	22,383	22,383	5,000
1980 Jeep Utility	796	647	647	796
2001 Ford F150 4x4 Crewcab	9,700	28,909	28,909	9,700
2003 Ford Explorer 4x4	4,900	27,338	27,338	4,900
2008 Ford Escape Hybrid 4x4	14,000	26,942	26,942	14,000
	38,901	128,439	128,439	38,901
Total	\$ 38,901	\$ 130,591	\$ 130,591	\$ 38,901

Construction in Progress

Construction jobs in progress at April 30, 2014 consisted of the following:

<u>Job Number</u>	<u>Description</u>	<u>Incurred to April 30, 2014</u>
112177	Lakeview Dr Easement Main	\$ 1,466
112194	New Zurich Tank	95,261
112195	New Valle Well	20,677
		<u>\$ 117,404</u>

Crestline Village Water District

Balance Sheet Comments

CURRENT ASSETS

At April 30, 2014, the District had \$2,775,424 in cash in bank, credit union and the Local Agency Investment Fund. The following summary shows the amounts in each of the District's accounts and the designated use of the funds:

California Bank & Trust – General account	\$	174,400
California Bank & Trust – Payroll account		5,169
Arrowhead Credit Union – Savings		17,034
Arrowhead Credit Union – Checking		13,351
Local Agency Investment Fund		<u>2,565,470</u>
Total cash in banks	\$	<u><u>2,775,424</u></u>

Prepaid expenses of \$67,005 are applicable to future periods.

The property taxes receivable, net of the allowance for uncollectible taxes and availability assessments, are shown below:

Property taxes receivable	\$	61,595
Allowance for uncollectible taxes		<u>(359)</u>
Net property taxes receivable	\$	<u><u>61,236</u></u>
Availability assessments receivable	\$	<u><u>51,853</u></u>

CURRENT LIABILITIES

Accounts payable at April 30, 2014, consisted of the following:

Purchased water – CLAWA	\$	28,616
Capital assets		14,387
Current billings for supplies and expenses		18,681
Inventory		<u>802</u>
Total accounts payable	\$	<u><u>62,486</u></u>

Overtime and paid time off are computed in hours. The total hours accumulated by each employee is multiplied by the employee's present hourly rate to determine the dollar amount of accrued overtime leave and accrued paid time off.

The District withdrew from Social Security on January 1, 1983, and adopted an ING (Aetna Life Insurance Company) Money Purchase Pension Plan. On May 4, 2007, the District's ING Money Purchase Plan was terminated and on that same date the District started participating in the California Public Employees' Retirement System (CalPERS). Retirement plan contribution payable at April 30, 2014 was - for CalPERS and \$879 for the employee elective deferrals for the deferred compensation plan for a total of \$879.

Crestline Village Water District

Balance Sheet Comments

NET POSITION

Change in net position for 2013-2014 of \$(225,252) was added to the net position, beginning of the year, for an end of year balance of \$13,567,467 as shown in Exhibit "B".

Crestline Village Water District

Revenue and Expense Comments

Revenues and expenses of the current and prior year are compared in Exhibit "B". Change in net position was \$(225,252) for the year just ended, down \$279,183 from the change in net position reported for 2012-2013. The change in net position will be applied toward note principal retirement and continuation of completing the District's Master Plan for distribution of water.

The following is a comparison of the residential and business water sales by month for the years ended April 30, 2014 and 2013:

Month	2014		2013	
	Division 10	Division 20	Division 10	Division 20
May	\$ 89,251	\$ 114,339	\$ 90,089	\$ 105,318
June	97,679	127,604	97,748	125,862
July	106,384	136,912	103,732	132,965
August	103,572	124,343	108,695	144,596
September	96,207	125,469	99,054	142,087
October	87,676	106,754	90,875	125,963
November	79,132	97,213	79,684	110,937
December	86,735	90,940	81,015	100,543
January	79,096	91,685	90,557	108,606
February	75,074	88,460	76,506	108,602
March	77,396	84,124	76,872	96,209
April	79,452	90,050	93,041	105,406
Total purchases	<u>\$ 1,057,654</u>	<u>\$ 1,277,893</u>	<u>\$ 1,087,868</u>	<u>\$ 1,407,094</u>

The following is a comparison of the water consumption by month for the years ended April 30, 2014 and 2013:

Month	Per 100 Cubic Feet Consumed		Per 100 Cubic Feet Consumed	
	Division 10	Division 20	Division 10	Division 20
May	12,880	14,921	11,382	10,434
June	14,540	16,719	12,936	14,489
July	14,144	16,615	14,167	15,944
August	12,606	16,917	14,924	18,030
September	10,967	13,212	13,161	17,663
October	9,248	11,358	11,526	14,537
November	10,589	10,041	9,334	11,727
December	9,181	10,278	9,493	9,578
January	8,207	9,587	11,410	11,202
February	9,104	8,567	8,443	11,083
March	9,357	10,255	9,889	8,552
April	11,311	10,806	10,438	10,536
Totals (In 100 Cubic Feet)	<u>132,134</u>	<u>149,276</u>	<u>137,103</u>	<u>153,775</u>

Crestline Village Water District

Revenue and Expense Comments

The following is a comparison of the water purchased from the Crestline - Lake Arrowhead Water Agency by month for the years ended April 30, 2014 and 2013.

	2014		2013	
	<u>Division 10</u>	<u>Division 20</u>	<u>Division 10</u>	<u>Division 20</u>
May	\$ 16,834	\$ 15,432	\$ 10,553	\$ 9,674
June	19,133	21,430	11,994	13,434
July	20,954	23,582	13,135	14,783
August	22,073	26,667	13,837	16,717
September	19,466	26,124	12,202	16,377
October	17,047	21,501	10,686	13,478
November	13,805	17,345	8,654	10,873
December	14,041	14,166	8,802	8,880
January	16,876	16,568	10,579	10,386
February	12,488	16,392	7,828	10,276
March	14,626	12,649	9,169	7,929
April	15,438	15,584	9,678	9,768
Totals	<u>\$ 202,781</u>	<u>\$ 227,440</u>	<u>\$ 127,117</u>	<u>\$ 142,575</u>