



RUNNING SPRINGS WATER DISTRICT
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

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

TO: BOARD OF DIRECTORS DATE POSTED: NOVEMBER 9, 2018

RE: SPECIAL BOARD MEETING FROM: BOARD SECRETARY

A Special Meeting of the Board of Directors of the Running Springs Water District will be held on Wednesday, November 14, 2018, at the hour of 9:00 A.M. at the District Office located at 31242 Hilltop Boulevard, Running Springs, California. This agenda was posted prior to 5:00pm on November 9, 2018 at the Running Springs Water District Office and Website.

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

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

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

AGENDA

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are expected to be routine and non-controversial and will be acted on at one time without discussion unless an item is withdrawn by a Board Member for questions or discussion.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

A. Approve Meeting Minutes

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- B. Ratify Expenditures and Cash Summary **Page 8**
- C. Consider Receiving and Filing the Assessment District No. 10 Continuing Disclosure Annual Report for the Fiscal Year Ending June 30, 2018 **Page 21**
- D. Consider Adopting Resolution No. 19-18, Setting the Schedule for Regular Board Meetings **Page 30**
- 4. Action Items – The following action items will be considered individually and each **require a motion** by the Board of Directors for action.
 - A. Consider Receiving, Filing and Authorizing the Distribution of the District’s Fiscal Year 2017-2018 Annual Financial Report and Audit Results **Page 31**
(Presenter: Van Lant & Fankhanel)
 - B. Financial Presentation **N/A**
(Presenter: RAMS)
 - C. Consider Adopting Resolution No. 20-18, Initiating Proceedings for the Annexation of the Getaway House Property **Page 124**
(Presenter: Ryan Gross, General Manager)
 - D. Consider a Customer Opt-Out Policy for Automatic Meter Reading (AMR) Technology Upgrade Program **Page 134**
(Presenter: Ryan Gross, General Manager)
- 5. Information Items – The following information items do not require any action by the Board of Directors and are for informational purposes only.
 - A. Quarterly Investment Report **Page 160**
 - B. Water Production & Precipitation Report **Page 164**
- 6. General Manager’s Report
- 7. Report from Legal Counsel
- 8. Board Member Comments/Meetings
- 9. Meeting Adjournment

Upcoming Meetings: Regular Board Meeting, December 19, 2018 at 9:00 am

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018
TO: Board of Directors
FROM: Joan Eaton, Administration Supervisor, Board Secretary, Treasurer
Ryan Gross, General Manager
SUBJECT: CONSIDER APPROVING MEETING MINUTES

RECOMMENDATION

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

REASON FOR RECOMMENDATION

Approval of meeting minutes.

BACKGROUND INFORMATION

The attached draft meeting minutes are from the Regular Board Meeting held on September 19, 2018.

ATTACHMENTS

Attachment 1 – Draft Meeting Minutes

MINUTES – September 19, 2018

PAGE 1 OF 4

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
SEPTEMBER 19, 2018**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, September 19, 2018 at the hour of 9:00 A.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following Directors were present:

Tony Grabow, President
Errol Mackzum, Vice-President
Mike Terry, Director
Mike Milliorn, Director
Bill Conrad, Director

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Board Secretary/Treasurer/Administration Supervisor
Ward Simmons, Legal Counsel, Best, Best & Krieger
Mike Vasquez, Fire Department Battalion Chief
Dixi Willemse, Fire Department Administrative Assistant

Visitors Present:

Gerhard Hilgenfeldt, Running Springs Resident
Robert Birdwell, Running Springs Resident

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 8:59 A.M. by President Grabow and Director Mackzum led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

Mr. Hilgenfeldt introduced himself for the record.

3. Public Hearing and Consideration to Allow or Overrule any or all Objections or Protests to the Proposed Removal of Weeds and/or Wastes that have been Declared as a Public Nuisance

A. Open Public Hearing – President Grabow opened the Public Hearing at 9:00 A.M.

- B. Fire Chief’s Report – None
- C. Written Objections or Protests – None
- D. Oral Objections or Protests – None

Visitor Birdwell stated that he received an abatement notice with a \$95.00 fine and Administrative Assistant Willemse said the Department will re-inspect his property and if in compliance, the fine will be waived on a one-time basis.

- E. Board Discussion – Director Mackzum said the intent of the Hazard Abatement Program is fire safety and he thanked the Fire Department. Discussion continued regarding the program and a list of the properties that are going to warrant will be provided to Director Conrad.
- F. Close Public Hearing – President Grabow closed the Public Hearing at 9:17 A.M.
- G. Consider Allowing or overruling any or all objections or protests to the proposed removal of weeds and/or wastes that have been declared a public nuisance, whereupon the Board of Directors shall acquire jurisdiction to proceed and perform the work of removing the public nuisance. (Motion Required)

No motion was made with no objections or protests received.

4. Approval of Consent Items

- A. Approve August 15, 2018 Regular and Special Board Meeting Minutes**
- B. Ratify August 2018 Expenditures**

Manager Gross confirmed the annual \$10,000 Local Agency Formation Commission (LAFCO) expense and said annexation fees are in addition to the annual fee.

Upon **motion** by Director Mackzum, **second** by Director Terry and **carried by a 5 to 0 vote**, the Consent Items were approved.

5. Action Items

- A. Consider Approving Resolution No. 18-18, Amending the District’s Medical Expense Reimbursement Plan**

Manager Gross reported on amending the District Medical Expense Reimbursement Plan to be consistent with the Personnel Manual. The amendment will allow employees enrolled in the District’s primary group health plan to also participate in the District’s Medical Expense Reimbursement Plan and discussion continued. The only fiscal impact

would be a potential slight reduction in health benefit cost to the District if employees enrolled in the District’s primary group health plan did not use their full amount of the allocated monthly allowance paid by the District.

Upon **motion** by Director Conrad, **second** by Director Terry and **carried by a 5 to 0 vote**, Resolution No. 18-18, Amending the District’s Medical Expense Reimbursement Plan, was adopted. (Resolution No. 18-18 on file in the District office)

6. Information Items

A. Update on Proposals, Scope of Work and Fee Estimates Received for Rate Study

Manager Gross reported on the Request for Proposals (RFP) received from four (4) consulting firms to conduct a Water and Wastewater Rate and Connection Fee Study and Fire Department Revenue Alternative Analysis. Director Mackzum suggested that the District move forward by selecting a firm with Attorney Simmons confirming that the Board could proceed and take action at this time. Discussion continued and Manager Gross said all firms were willing to work with the District on the final fees and the first step is to award the Professional Services contract.

Upon **motion** by Director Mackzum, **second** by Director Conrad and **carried by a 5 to 0 vote**, Authorizing the General Manager to select Raftelis Financial Consultants, Inc. contingent upon coming to an agreement on the final fee, not to exceed the amount listed in their proposal, and to authorize the General Manager to enter into a Professional Services contract with Raftelis Financial Consultants, Inc. that will be reviewed by Best, Best & Krieger, was approved.

B. Update on LAFCO 3228 Pali Mountain Camp Annexation

Manager Gross reported on the LAFCO status update regarding the Pali Mountain Camp Annexation saying the San Bernardino County Board of Supervisors approved the Property Tax Transfer Resolution on August 21, 2018 and the next step is a Local Agency Formation Commission hearing. Manager Gross will attend the LAFCO hearing on October 17, 2018 at 9:00 A.M. so the October Board Meeting will be rescheduled to October 18, 2018.

The November Board Meeting will be rescheduled from November 21, 2018 to November 14, 2018.

C. Water Production and Precipitation Report

Manager Gross provided a water production and precipitation report and stated the Ayers Acres water well production is still lower than expected and may recharge with wet weather.

7. General Manager’s Report

Manager Gross reported on the Automated Meter Reading (AMR) system that was an \$800,000 project with 50% principal loan forgiveness and he said the project should be complete by Thanksgiving. The AMR system provides efficient leak detection and consumption reports and the District is expecting the first \$460,258 disbursement from the State Water Board. Manager Gross said the District is currently evaluating Water Division staffing requirements with implementation of the new AMR system.

The Administration Roof Repair Project is complete and Trinity Construction is finalizing the Wastewater Treatment Plant Wash Water Piping Repair Project.

The Getaway House has closed escrow on the Helendade property and Manager Gross will meet with representatives on September 20, 2018 to begin the annexation process. Discussion continued that included deeding the groundwater rights to the District.

Manager Gross reported on the San Bernardino County Fire Protection District proposed expansion to the boundaries of Service Zone FP-5 that will include a majority of the unincorporated land of San Bernardino County, but will not apply to the Running Springs Water District. Manager Gross will review the list of tax exempt parcels owned by the District.

8. Report From Legal Counsel

Attorney Simmons reported on activity in Sacramento to possibly revive the water tax bill.

Attorney Simmons also provided the Board and staff with a written analysis regarding Senate Bill 998 that is on the Governor’s desk until September 30, 2018, concerning new regulations on discontinuing water service. Additional information will be provided if the bill passes.

9. Board Member Comments/Meetings

The Special Board Meeting scheduled for September 19, 2018 at 10:00 A.M. was cancelled.

10. Meeting Adjournment

Upon **motion** by Director Conrad, **second** by Director Mackzum and **carried by a 5 to 0 vote**, the meeting was adjourned at 10:16 A.M.

Respectfully Submitted,

President, Board of Directors
Running Springs Water District

Secretary of the Board of Directors
Running Springs Water District

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: RATIFY EXPENDITURES

RECOMMENDED BOARD ACTION

It is recommended that the Board of Directors review the attached accounts payable check register and ratify the District's September and October 2018 expenditures.

A copy of the District's Cash Reserve Fund Summary as of October 31, 2018, the Pooled Cash Balance History and Fire Department Operating Reserve Fund Surplus/Shortfall History is also included for review and information.

REASON FOR RECOMMENDATION

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

BACKGROUND INFORMATION

Attached is a list of expenditures for September and October 2018 and the Cash Summary as of October 31, 2018.

FISCAL INFORMATION

Refer to attached accounts payable check register and cash summary.

ATTACHMENTS

- Attachment 1 – Accounts Payable Check Register for September and October 2018
- Attachment 2 – Cash Summary as of October 31, 2018
- Attachment 3 – Pooled Cash Balance History
- Attachment 4 – Fire Department Operating Reserve Fund Surplus/Shortfall History

Running Springs Water District Accounts Payable Checks September 2018

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Action Automotive Repair Inc	Check Engine Light, Spark Plugs and Air Filters	09/19/18	310.74	102380	395.74
	Dismount and balance tires	09/19/18	85.00	102380	
Airgas Inc.	Ind Large Helium	09/12/18	47.71	102344	47.71
American Family Life Assurance Company of Colun	Additional Insurance Premiums Sept 18	09/04/18	476.44	102326	476.44
Ameripride Services, Inc	Cleaning Supplies August 2018	09/12/18	349.87	102345	349.87
Ariens Specialty Brands LLC	Industrial Cargo Pants Twill, Navy	09/12/18	-164.95	102346	96.06
	safety equipment for Bhannay	09/12/18	261.01	102346	
Arrowbear Park County Water District	Purchased Water August 2018	09/04/18	3,210.12	102336	3,210.12
Arrowhead Group Inc.	Test & certify 21 Valves	09/12/18	1,005.27	102347	1,005.27
Best, Best & Krieger LLP	Legal Services August 2018	09/19/18	2,964.78	102381	2,964.78
BURR Group Inc.	Trash Service August 2018	09/04/18	69.04	102327	250.43
	Trash Service August 2018	09/04/18	181.39	102327	
	Trash Service/Load August 2018	09/12/18	330.16	102348	330.16
California Computer Options Inc	Domain Renew and VPN License	09/12/18	219.04	102349	219.04
California Water Environment Association	Membership for Hannay	09/25/18	188.00	102407	188.00
CalPERS	Health Insurance Premiums September 2018	09/04/18	17,795.31	DFT0000802	17,795.31
	GASB-68 Reporting Services Fee	09/10/18	1,400.00	DFT0000803	1,400.00
	Employ Contribu Classic/Pepra 9/10/18	09/13/18	25,802.23	DFT0000808	25,802.23
	Employ Contribu Classic/Pepra 9/24/18	09/26/18	23,942.36	DFT0000813	23,942.36
Canon	Monthly Service Fee/Usage September 2018	09/19/18	604.51	102382	604.51
Charter Communications	Telephone and Internet September 2018	09/12/18	576.14	102350	576.14
	Telephone and Internet Sept-Oct 2018	09/19/18	192.32	102383	317.28
	Telephone and Internet	09/19/18	124.96	102383	
Citibank, N.A.	Miscellaneous Supplies	09/12/18	255.16	102351	255.16
	STAPLES -OFFICE SUPPLIES	09/25/18	522.19	102408	616.31
	Office Supplies September 2018	09/25/18	94.12	102408	
Clinical Laboratory of San Bernardino	Water Samples July 2018	09/25/18	2,159.00	102409	3,131.00
	Wastewater Samples August 2018	09/25/18	972.00	102409	
ConFire JPA	Admin, Dispatch, Equip, Radio Chrges July 2018	09/25/18	7,037.98	102410	7,037.98
County of San Bernardino	Lien Releases	09/04/18	16.00	102328	16.00
	Lien Release x2	09/25/18	16.00	102411	16.00
	Dump Fees August 2018	09/25/18	90.59	102412	90.59
Crestline-Lake Arrowhead Water Agency	Purchased Water August 2018	09/12/18	34,132.29	102352	34,132.29
Cypress Ancillary Benefits	Dental Insurance Premiums September 2018	09/04/18	871.69	102329	871.69
Dixi Willemse	Reimbursement Claim	09/04/18	603.93	102330	603.93
	Reimbursement Claim	09/19/18	235.98	102384	235.98
Donald G. Rice	Brake Repairs	09/12/18	739.52	102353	739.52
	Rear End Noise Correction	09/19/18	1,019.12	102385	1,019.12
Federal Express Corporation	Shipping Charges August 2018	09/19/18	115.75	102386	115.75
Fire Apparatus Solutions	Dot Performance Inspection	09/12/18	539.03	102354	3,518.79
	Annual Service E51	09/12/18	2,979.76	102354	
Frontier Communications	Telephone Aug-Sept 2018	09/04/18	55.49	102331	55.49
	Telephone Aug-Sept 2018	09/12/18	55.53	102355	309.37
	Telephone September 2018	09/12/18	55.50	102355	
	Telephone September 2018	09/12/18	145.69	102355	

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Frontier Communications	Telephone September 2018	09/12/18	52.65	102355	309.37
	Telephone September 2018	09/19/18	52.65	102387	52.65
	Scada Line Sept-Oct 2018	09/25/18	101.99	102413	101.99
Fuller Truck Accessories-Riverside	New Shell for C3600 New Command Vehicle	09/19/18	5,844.36	102388	5,844.36
Haz Mat Trans, Inc.	Wo # 85984	09/19/18	700.00	102389	1,400.00
	WO# 85666	09/19/18	700.00	102389	
	WO# 85985-1	09/25/18	700.00	102414	700.00
Inland Desert Security & Communications	Answering Service September 2018	09/19/18	110.00	102390	110.00
Inland Water Works Supply Company	3/4X2 1/4" JJ NL Mtr Cplg	09/12/18	260.54	102356	260.54
	3/4" Curb Lw and 1/3" FC Clamp	09/25/18	621.50	102415	772.57
	Couplings- 3/4" and 1"	09/25/18	151.07	102415	
Joan Eaton	Reimbursement Claim	09/19/18	230.69	102391	475.69
	Reimbursement Claim	09/19/18	245.00	102391	
Kurt Norlander Roofing	Roof Improvement Project-main office	09/04/18	13,570.00	102337	13,570.00
L.N. Curtis & Sons	LN Curtis/Home Land Surcurity Grant Purchase	09/12/18	13,560.34	102357	13,560.34
Leslie's Poolmart, Inc	Bleach for MBR cleaning	09/12/18	812.85	102358	812.85
Life-Assist, Inc	Ambulance Supplies	09/12/18	1,262.15	102359	1,262.15
	Ambulance Supplies	09/19/18	1,092.24	102392	1,092.24
McMaster-Carr Supply Company	Roll up Flared Bullet Earplugs	09/12/18	43.90	102360	43.90
Metropolitan Life Insurance Company	Vision Insurance Premiums September 2018	09/04/18	151.10	102332	151.10
Myers-Stevens & Toohey Co. Inc	Disability Insurance Premiums Sept 2018	09/04/18	220.00	102333	220.00
NAPA Auto Parts	Miscellaneous Auto Parts/Supplies	09/12/18	264.04	102361	264.04
NBS Government Finance Group	AD10 Qtrly Admin Fees for Oct-Dec 2018	09/25/18	1,488.46	102416	1,488.46
Neofunds By Neopost	Postage for Postage Meter	09/25/18	3,000.00	102417	3,000.00
Neopost USA Inc	Lease Fees from Oct 18-Jan 19	09/25/18	385.58	102418	385.58
Nestle Waters North America	Drinking Wtr for Treat Plant August 2018	09/12/18	62.08	102362	62.08
Nick Nikas	Work Shorts Reimbursement	09/19/18	73.00	102393	73.00
Northern Safety Company Inc.	Safety equipment for B Hannay	09/12/18	196.73	102363	196.73
	Safety equipment for B Hannay	09/19/18	64.28	102394	64.28
One Stop Landscape Supply	July 2018 to December 2018 biosolids disposal	09/12/18	2,061.00	102364	2,061.00
Patricia A. Monical	Soap and Toilet Seat Covers	09/19/18	61.59	102395	61.59
Rawlings Company	Ambulance Overpayment Refund	09/12/18	1,797.72	102365	1,797.72
Reliance Standard Life Insurance Company	Life Insurance Premiums September 2018	09/04/18	1,037.60	102334	1,037.60
Richard Viero	Reimbursement Claim	09/25/18	210.98	102419	210.98
Rim Forest Lumber Company, Inc.	Miscellaneous Parts/Supplies	09/12/18	112.36	102366	112.36
Rogers Anderson Malody & Scott LLP	Consultant Fees August 2018	09/19/18	11,529.60	102396	11,529.60
Ryan Gross	Arboretum Plants Reimbursement	09/04/18	151.30	102338	151.30
	Gym Membership - Ryan Gross	09/25/18	250.00	102420	250.00
Ryan Herco Flow Solutions	Pump rebuild parts	09/12/18	1,676.19	102367	1,676.19
San Bernardino County Fire Protection District	Hazardous Materials Cupa Permit- Lift St 2	09/25/18	647.00	102421	4,007.00
	Hazardous Materials Cupa Permit- Skyline Drive	09/25/18	420.00	102421	
	Hazardous Materials Cupa Permit- Alder Ct.	09/25/18	420.00	102421	
	Hazardous Materials Cupa Permit- Wilderness Rd	09/25/18	420.00	102421	
	Hazardous Materials Cupa Permit-Parkland Dr	09/25/18	420.00	102421	
	Hazardous Materials Cupa Permit -Nob Hill Cir	09/25/18	420.00	102421	
	Hazardous Materials Cupa Permit-Oak Drive	09/25/18	420.00	102421	
	Hazardous Materials Permit	09/25/18	420.00	102421	
	Hazardous Materials Cupa Permit -Thor Way	09/25/18	420.00	102421	
SecureTech Security, Inc	Changed Alarm Codes 6 locations	09/12/18	380.00	102368	380.00
Southern California Edison Company	Electricity August 2018	09/04/18	548.44	102335	3,285.53

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Southern California Edison Company	Electricity August 2018	09/04/18	245.96	102335	3,285.53
	Electricity August 2018	09/04/18	614.14	102335	
	Electricity August 2018	09/04/18	444.41	102335	
	Electricity August 2018	09/04/18	26.18	102335	
	Electricity 2018	09/04/18	307.12	102335	
	Electricity August 2018	09/04/18	101.01	102335	
	Electricity August 2018	09/04/18	264.39	102335	
	Electricity August 2018	09/04/18	108.49	102335	
	Electricity August 2018	09/04/18	548.94	102335	
	Electricity August 2018	09/04/18	45.13	102335	
	Electricity August 2018	09/04/18	31.32	102335	
	Electricity August 2018	09/04/18	138.90	102339	6,904.10
	Electricity August 2018	09/04/18	724.54	102339	
	Electricity August 2018	09/04/18	1,730.83	102339	
	Electricity August 2018	09/04/18	1,850.42	102339	
	Electricity August 2018	09/04/18	148.88	102339	
	Electricity August 2018	09/04/18	335.10	102339	
	Electricity August 2018	09/04/18	83.16	102339	
	Electricity August 2018	09/04/18	339.24	102339	
	Electricity August 2018	09/04/18	488.77	102339	
	Electricity August 2018	09/04/18	490.92	102339	
	Electricity August 2018	09/04/18	573.34	102339	
	Electricity August 2018	09/12/18	10,381.39	102369	10,568.41
	Electricity August 2018	09/12/18	176.14	102369	
	Electricity August 2018	09/12/18	10.88	102369	
Southern California Emergency Medicine	New Employment Exam - Hannay	09/25/18	95.00	102422	95.00
Southern California Gas Company	Gas Billing Usage August 2018	09/12/18	55.97	102370	178.31
	Gas Usage Billing August 2018	09/12/18	33.74	102370	
	Gas Usage Billing August 2018	09/12/18	67.00	102370	
	Gas Usage Billing August 2018	09/12/18	21.60	102370	
	Gas Billing Usage August 2018	09/19/18	48.38	102397	48.38
Special District Risk Management Authority	Annual Wrkers Comp Recon. 2017-18	09/12/18	4,223.85	102371	4,223.85
Terminix International Company LP	Pest Control 8/20/18- collections	09/12/18	67.00	102372	67.00
Trevor Miller	Reimbursement Claim	09/19/18	454.40	102398	454.40
Tyler Technologies, Inc	Misc Accts Receivable- Maintenance 10/2018-9/20	09/04/18	505.05	102340	505.05
Underground Service Alert of Southern California	New Tickets and Maintenance fee September 2018	09/12/18	64.45	102373	64.45
US Postal Service	Postage for Permit #14	09/25/18	3,000.00	102423	3,000.00
Valic	Deferred Compensation Contribution	09/14/18	336.80	102378	336.80
Verizon Wireless Services LLC	Cell phone Billing August 2018	09/19/18	621.15	102399	621.15
Visa	Eaton-Com Cab,login,APC,bkgnd ck,Cell ph cases	09/12/18	561.03	102374	1,924.44
	Door Magnets	09/12/18	142.32	102374	
	Corley- CPR Cards	09/12/18	30.00	102374	
	Strebel- ICEMA Reverification Fees	09/12/18	70.00	102374	
	Station supplies	09/12/18	219.20	102374	
	Vasquez- Website Mem- Assign Lodge and Fuel	09/12/18	351.89	102374	
	Fire Department Website from WIX.CCM	09/12/18	550.00	102374	
	Bobroff-Misc Parts and Contractor Signs	09/19/18	286.72	102400	712.89
	Miller-Misc Supplies/Galv Pipe/Scada Line	09/19/18	266.18	102400	
	Certificate Frames	09/19/18	159.99	102400	
Vyanet Operating Group	Security/Monitoring Oct-Dec 2018	09/19/18	140.12	102401	255.12

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Vyanet Operating Group	Fix the keypad for the alarm system	09/19/18	115.00	102401	255.12
York Insurance Services Group Inc., -CA	Wrk Comp Fund Ck 10401	09/12/18	47.19	102376	47.19
	Wrkrs Comp Fund Check 10402	09/19/18	10.86	102402	10.86
York Risk Services Group, Inc	Workers Comp Admin for August 2018	09/12/18	112.00	102377	112.00
Zenner Performance Meter, Inc	Installation of AMR Meters	09/04/18	13,062.50	102341	27,191.65
	S-Lid & Couplings- AMR Meters	09/04/18	2,941.90	102341	
	Gasket, Coupling	09/04/18	413.11	102341	
	Installation for Zenner Meters	09/04/18	10,774.14	102341	

Totals

Payment Type	Payable Count	Payment Count	Payment
Regular Checks	149	90	193,642.99
Manual Checks	0	0	0.00
Voided Checks	0	1	0.00
Bank Drafts	4	4	68,939.90
EFT's	0	0	0.00
Totals	153	95	262,582.89

Running Springs Water District

Accounts Payable Checks

October 2018

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
2nd Amendment Woodworking Co.	Various Vinyl decals for Fire Department	10/24/18	189.64	102516	189.64
Action Automotive Repair Inc	Tire sensors	10/08/18	589.49	102457	652.24
	Smog inspection	10/08/18	62.75	102457	
Airgas Inc.	Large Helium	10/18/18	46.45	102494	46.45
Albert A. Webb Associates	Nob Hill Improvements September 2018	10/30/18	1,461.00	102546	1,461.00
Allstar Fire Equipment	Face Masks	10/01/18	624.23	102425	624.23
	Cylinder Latch Replacement	10/24/18	18.90	102517	18.90
American Family Life Assurance Company of Colun	Additional Insurance Premium for September 2018	10/01/18	476.44	102426	476.44
Ameripride Services, Inc	Cleaning Supplies September 2018	10/08/18	287.40	102458	287.40
Arrow International Inc	Tax and Freight from previous invoice	10/24/18	53.55	102518	53.55
Arrowbear Park County Water District	Purchased Water September 2018	10/01/18	2,915.49	102427	2,915.49
	Purchased water Sept-Oct 2018	10/30/18	2,881.77	102547	2,881.77
Audubon Machinery Corporation	Microboost 115/230v Shaft Kit -O2 Machine	10/24/18	976.00	102519	976.00
Bacon/Wagner Excavating, Inc.	Unload Slug Bins and Delivery to Plant	10/24/18	330.00	102520	330.00
Best, Best & Krieger LLP	Legal Services September 2018	10/18/18	3,495.82	102495	3,495.82
Brandon Hannay	Class enrollment, uniforms, boots	10/30/18	516.53	102548	516.53
BURR Group Inc.	Trash Service September 2018 Station 50	10/08/18	69.04	102459	69.04
	Trash Service September 2018	10/10/18	181.39	102480	181.39
	Trash Service and load September 2018	10/18/18	219.08	102496	219.08
	Trash Service October 2018	10/30/18	69.04	102549	69.04
California Computer Options Inc	Network Maintenance October 2018	10/01/18	2,375.00	102428	2,375.00
	Network Maintenance November 2018	10/30/18	2,375.00	102550	2,375.00
California Water Environment Association	Plant Maintenance Tech Grd 1 Renew	10/08/18	87.00	102460	87.00
	Collect System Maint Test Fee	10/30/18	170.00	102551	344.00
	Plnt Maint Tech Grade 1 Renewal	10/30/18	87.00	102551	
	Plnt Maint Tech Grade 1 Renewal	10/30/18	87.00	102551	
CalPERS	Health Insurance Premiums October 2018	10/03/18	19,017.97	DFT0000814	19,017.97
	Employ Contribu Classic/Pepra 10/8/18	10/10/18	24,130.73	DFT0000823	24,130.73
	Employ Contribu Classic/Pepra 10/22/18	10/26/18	23,157.28	DFT0000838	23,157.28
Canon	Monthly service fees/ Usage October 2018	10/24/18	725.53	102521	725.53
Charter Communitcations	Telephone and Internet October 2018	10/10/18	576.14	102481	768.46
	Telephone and Internet October 2018	10/10/18	192.32	102481	
	Telephone & Internet Oct - Nov 2018	10/18/18	124.96	102497	124.96
Citibank, N.A.	Wasp & Hornet Twin Pk	10/10/18	37.49	102482	37.49
Clinical Laboratory of San Bernardino	Water Samples September 2018	10/18/18	1,471.00	102498	1,471.00
Cody Schnauer	Wages for Pay Period 9/25/18-10/8/18	10/10/18	1,205.39	102483	1,205.39
ConFab Consolidated Fabricators	Bio Solids hauling bins	10/08/18	15,496.23	102461	15,496.23
County of San Bernardino	Monthly Assessor Map Revisions October 2018	10/18/18	2.00	102499	2.00
Crestline-Lake Arrowhead Water Agency	Purchased Water for September 2018	10/01/18	24,994.29	102429	24,994.29
Cypress Ancillary Benefits	Dental Insurance Premiums October 2018	10/01/18	1,066.05	102430	1,066.05
Desert Environmental Services Inc	Waste Oil Manifest #017837858JJK Stop Fee	10/08/18	225.00	102462	225.00
Dixi Willemse	Reimbursement Claim	10/08/18	32.03	102463	429.03
	Reimbursement Claim	10/08/18	397.00	102463	
	Reimbursement Claim	10/30/18	14.43	102552	14.43
Donald G. Rice	Auto Supplies-Rotors	10/25/18	20.00	102536	20.00

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Employers Mutual Inc	Ambulance Refund	10/01/18	2,051.61	102431	2,051.61
FD Training Solutions	Tablet Configuration	10/18/18	2,059.50	102500	2,059.50
Federal Express Corporation	Shipping Costs September 2018	10/18/18	129.47	102501	129.47
Fire Fighters Association	September 2018 Dues	10/01/18	410.00	102432	410.00
	Association Dues October 2018	10/24/18	400.00	102522	400.00
Frontier Communications	Telephone Sept-Oct 2018	10/01/18	72.30	102433	310.83
	Telephone Sept- Oct 2018	10/01/18	55.43	102433	
	Telephone Sept-Oct 2018	10/01/18	72.30	102433	
	Telephone Sept-Oct 2018	10/01/18	55.40	102433	
	Telephone Sept-Oct 2018	10/01/18	55.40	102433	
	Telephone Sept-Oct 2018	10/08/18	55.40	102464	110.80
	Telephone October 2018	10/08/18	55.40	102464	
	Telephone October 2018	10/10/18	52.96	102484	52.96
	Telephone October 2018	10/18/18	148.18	102502	148.18
	Telephone October 2018	10/24/18	52.97	102523	211.73
	Telephone - Oct -Nov 2018	10/24/18	103.11	102523	
	Telephone Oct-Nov 2018	10/24/18	55.65	102523	
	Telephone Oct-Nov 2018	10/25/18	72.76	102537	72.76
	Telephone Oct-Nov 2018	10/30/18	72.83	102553	128.57
	Telephone Oct-Nov 2018	10/30/18	55.74	102553	
Hach Company	Hydrogen Sulfide PPR	10/08/18	39.20	102465	39.20
Hadronex, Inc.	Service at Wagonwheel -Labor	10/01/18	120.00	102434	120.00
Harrington Industrial Plastics LLC	Flange, Bushing Bolt packs	10/01/18	96.68	102435	96.68
Haz Mat Trans, Inc.	Wo# 86068	10/08/18	1,191.89	102466	1,191.89
HD Supply Facilities Maintenance LTD	Miscellaneous Parts and Supplies	10/01/18	346.16	102436	389.00
	Hach Hydrogen Sulfide	10/01/18	42.84	102436	
Hi-Desert Publishing-Mountain News	Weed Abatement Legal Ad Mountain News	10/08/18	142.50	102467	142.50
	Notice of Blds- WWTP Wash Water Piping System	10/10/18	156.59	102485	156.59
Inland Desert Security & Communications	Answering Service September 2018	10/18/18	105.00	102503	105.00
Inland Water Works Supply Company	3/4x2 1/4" JJ NL MTR CPLG	10/08/18	195.40	102468	195.40
	Parts for wwtp wash water system replacement pr	10/18/18	904.93	102504	955.69
	1"x6" Romac SCCC FC Clamp	10/18/18	50.76	102504	
	Romac Clamp	10/25/18	100.21	102538	890.28
	Brass CPLG, Nipples, and Yokes	10/25/18	486.38	102538	
	MIP Adaptor and Mtr Cplg	10/25/18	132.37	102538	
	Romac CLFC Clamp	10/25/18	171.32	102538	
	Romac Clamp	10/30/18	144.39	102554	144.39
Joan Eaton	Reimbursement Claim	10/18/18	627.77	102505	627.77
Lake Arrowhead Rentals, Inc.	Drill Rock-air50lb	10/08/18	257.50	102469	257.50
Life-Assist, Inc	Fentanyl	10/18/18	342.00	102506	668.44
	Ambulance Supplies	10/18/18	326.44	102506	
	Ambulance Supplies	10/24/18	446.03	102524	446.03
Linda Mayfield	Reimbursement Claim	10/01/18	811.13	102437	811.13
	Reimbursement Claim	10/18/18	772.00	102507	772.00
	Reimbursement Claim	10/24/18	377.00	102525	377.00
Liquinox	Bioxide	10/24/18	4,206.59	102526	4,206.59
MCI	Long Distance Billing September 2018	10/01/18	47.71	102438	47.71
McMaster-Carr Supply Company	PVC parts wash water system	10/01/18	165.84	102439	217.47
	Pipe Fittings - Various Sizes	10/01/18	51.63	102439	
	PVC parts to repair damage underground piping	10/10/18	164.73	102486	164.73

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
McMaster-Carr Supply Company	VFD Filter's	10/18/18	371.30	102508	483.95
	VFD Filter's	10/18/18	112.65	102508	
	PVC High Pressure tubing and pipe fitting	10/24/18	85.11	102527	85.11
	1" Twist lock air line	10/30/18	239.80	102555	239.80
Metropolitan Life Insurance Company	Vision Insurance Premiums October 2018	10/01/18	180.27	102440	180.27
Myers-Stevens & Toohey Co. Inc	Disability Insurance Premiums October 2018	10/01/18	220.00	102441	220.00
NAPA Auto Parts	Miscellaneous Auto Supplies	10/08/18	89.09	102470	89.09
	Miscellaneous Auto Supplies	10/18/18	324.84	102509	444.03
	Battery	10/18/18	119.19	102509	
Neopost USA Inc	Billing Machine Stuffer Standard Maintenance 18/	10/08/18	2,272.26	102471	2,272.26
Nestle Waters North America	Drinking Water-Treatment Plant September 2018	10/01/18	57.75	102442	57.75
Nuckles Oil Company, Inc	Fuel order	10/24/18	9,059.06	102528	9,059.06
One Stop Landscape Supply	July 2018 to December 2018 biosolids disposal	10/08/18	882.60	102472	882.60
Polydyne Inc.	Blanket PO for Polydyne	10/24/18	1,270.37	102529	1,270.37
PR Diamond Products, Inc.	Hand Saw and blade	10/24/18	1,053.00	102530	1,053.00
Rafetlis	Wtr & Wstwtr Fee Stud/Fire Rev Alter Analy	10/24/18	842.50	102531	842.50
Reliance Standard Life Insurance Company	Life Insurance Premiums	10/01/18	1,130.64	102443	1,130.64
Richard Viero	Reimbursement Claim	10/01/18	200.00	102444	200.00
	Safety boots	10/24/18	193.32	102532	193.32
Rick Citro	Steam Clean Station 50 and 51	10/18/18	440.00	102510	440.00
Rim Forest Lumber Company, Inc.	Miscellaneous Parts and Supplies	10/08/18	251.22	102473	251.22
Rocio Silva	Janitorial Service September 2018	10/10/18	485.00	102487	485.00
	Janitorial Service August 2018	10/18/18	485.00	102511	485.00
Rogers Anderson Malody & Scott LLP	Consultant Fees -September	10/24/18	4,218.72	102533	4,218.72
Saint Vincent Hospital	Ambulance Reimbursement for an overpayment	10/01/18	363.14	102445	363.14
Scott Norbryhn	Training Reim- EMT/Paramedic S-223 Class	10/10/18	180.00	102488	180.00
Southern California Edison Company	Electricity September 2018	10/01/18	484.46	102446	5,622.26
	Electricity Spetember 2018	10/01/18	30.87	102446	
	Electricity September 2018	10/01/18	311.88	102446	
	Electricity September 2018	10/01/18	123.00	102446	
	Electricity September 2018	10/01/18	620.45	102446	
	Electricity September 2018	10/01/18	557.37	102446	
	Electricity September 2018	10/01/18	406.78	102446	
	Electricity September 2018	10/01/18	28.48	102446	
	Electricity September 2018	10/01/18	106.21	102446	
	Electricity September 2018	10/01/18	1,554.23	102446	
	Electricity September 2018	10/01/18	268.48	102446	
	Electricity September 2018	10/01/18	94.61	102446	
	Electricity September 2018	10/01/18	232.47	102446	
	Electricity Spetember 2018	10/01/18	107.39	102446	
	Electricity September 2018	10/01/18	489.64	102446	
	Electricity September 2018	10/01/18	205.94	102446	
	Electricity September 2018	10/08/18	174.16	102474	11,986.26
	Electricity September 2018	10/08/18	10.54	102474	
	Electricity September 2018	10/08/18	1,355.52	102474	
	Electricity September 2018	10/08/18	280.84	102474	
	Electricity September 2018	10/08/18	41.94	102474	
	Electricity September 2018	10/08/18	76.55	102474	
	Electricity Septemer 2018	10/08/18	283.55	102474	
	Electricity September 2018	10/08/18	29.63	102474	

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Southern California Edison Company	Electricity September 2018	10/08/18	326.75	102474	11,986.26
	Electricity September 2018	10/08/18	354.71	102474	
	Electricity September 2018	10/08/18	502.41	102474	
	Electricity September 2018	10/08/18	8,549.66	102474	
	Electricity September 2018	10/10/18	106.75	102489	106.75
	Electricity October 2018	10/30/18	400.14	102556	2,395.68
	Electricity October 2018	10/30/18	27.85	102556	
	Electricity October 2018	10/30/18	269.24	102556	
	Electricity October 2018	10/30/18	102.08	102556	
	Electricity October 2018	10/30/18	478.53	102556	
	Electricity October 2018	10/30/18	515.76	102556	
	Electricity October 2018	10/30/18	338.59	102556	
	Electricity October 2018	10/30/18	263.49	102556	
Southern California Gas Company	Gas Usage September 2018	10/08/18	55.41	102475	55.41
	Gas Usage September 2018	10/10/18	32.45	102490	152.33
	Gas Usage September 2018	10/10/18	40.92	102490	
	Gas Usage September 2018	10/10/18	55.46	102490	
	Gas Usage September 2018	10/10/18	23.50	102490	
Stuart Bryer	Reimbursement EMT certification Bryer	10/18/18	107.00	102512	107.00
Tek-Collect Incorporated	Annual Computer Maintenance Fee	10/01/18	75.00	102448	75.00
Terminix International Company LP	Pest Control	10/01/18	47.00	102449	47.00
Tesco Controls Inc	PLC Training	10/01/18	2,630.43	102450	2,630.43
Tina M. Taylor	Power Source Membership	10/01/18	315.00	102451	315.00
	Gym Membership for 2018/2019 Fy	10/08/18	250.00	102476	250.00
Trevor Miller	Reimbursement Claim	10/08/18	213.55	102477	213.55
Tyler Technologies, Inc	Incode Financial Maintenance Nov 18-Oct 2019	10/01/18	5,153.60	102452	5,153.60
	Mass Meter Swap	10/25/18	200.00	102539	5,600.00
	Mass Meter Swap	10/25/18	5,400.00	102539	
Underground Service Alert of Southern California	Ticket Charges and Maintenance Fee October 2018	10/01/18	100.75	102453	100.75
Verizon Wireless Services LLC	Cell Phone Charges September 2018	10/18/18	495.11	102513	495.11
Victor J Puglisi Jr	8 Tee Shirts	10/01/18	140.07	102454	140.07
Visa	Eaton- Cust Relat, Plants for Front Off, CSDA rene	10/08/18	143.25	102478	277.94
	Water Saving Aerator	10/08/18	134.69	102478	
	Corley- CPR Crds and Sharps Disposal System	10/10/18	100.95	102491	2,038.91
	Fire Prevention handouts	10/10/18	1,475.90	102491	
	Vasquez- Assignment Lodging and Gasoline	10/10/18	181.30	102491	
	Line Gear Nomex Jacket	10/10/18	280.76	102491	
	Open House supplies	10/18/18	263.87	102514	263.87
	Miller- Fuel, Misc Supplies & Alarm Dialup	10/24/18	206.82	102534	206.82
	Eaton- Coffee Mak and Environ Eng Member, Blue	10/30/18	262.32	102557	536.82
	Traffic cones	10/30/18	274.50	102557	
Vyanet Operating Group	Security/Monitoring Nov 18-Jan 19	10/10/18	135.80	102492	135.80
York Insurance Services Group Inc., -CA	Wrkrs Comp Fund Checks 10403-10404	10/18/18	20.90	102515	20.90
York Risk Services Group, Inc	Workers Comp Admin Fee September 2018	10/08/18	112.00	102479	112.00
Zachary Granzow	Company Officer Training Reimbursement	10/30/18	700.00	102558	700.00
Zenner Performance Meter, Inc	AMR Install, Travel, Training	10/10/18	6,882.75	102493	120,271.00
	AMR Installation Services/ Vision Software	10/10/18	35,347.49	102493	
	AMR Installation	10/10/18	14,503.65	102493	
	AMR Installation	10/10/18	20,181.27	102493	
	Stealth Vision Software/ Radio Installation	10/10/18	19,849.46	102493	

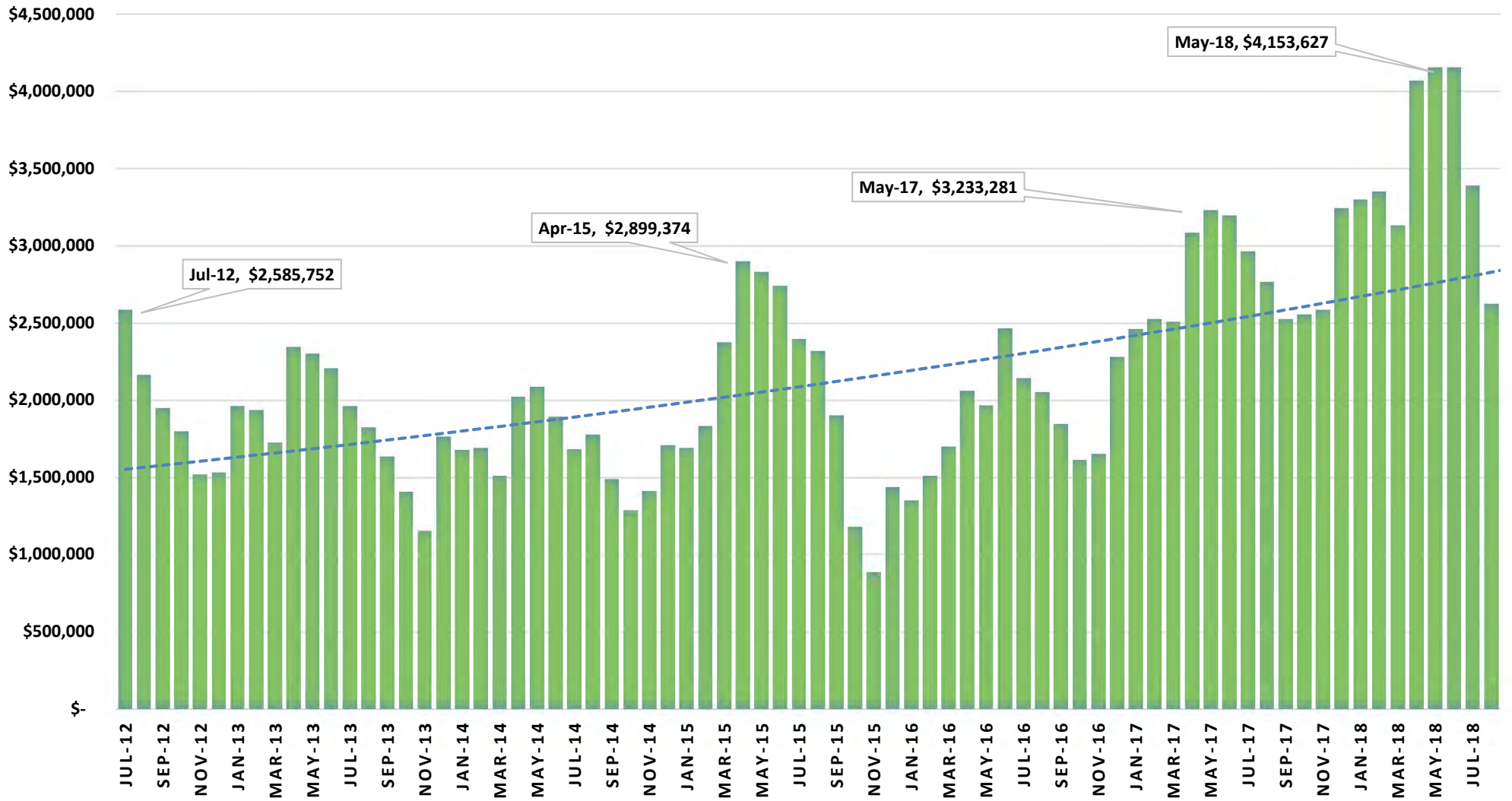
Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Zenner Performance Meter, Inc	Stealth Vision Software/Radio Installation	10/10/18	23,506.38	102493	120,271.00
	Installation Service	10/25/18	23,423.43	102540	53,662.12
	Installation Service	10/25/18	26,469.17	102540	
	Fire Meter's	10/25/18	1,143.34	102540	
	Fire Meter Heads	10/25/18	2,626.18	102540	

Totals

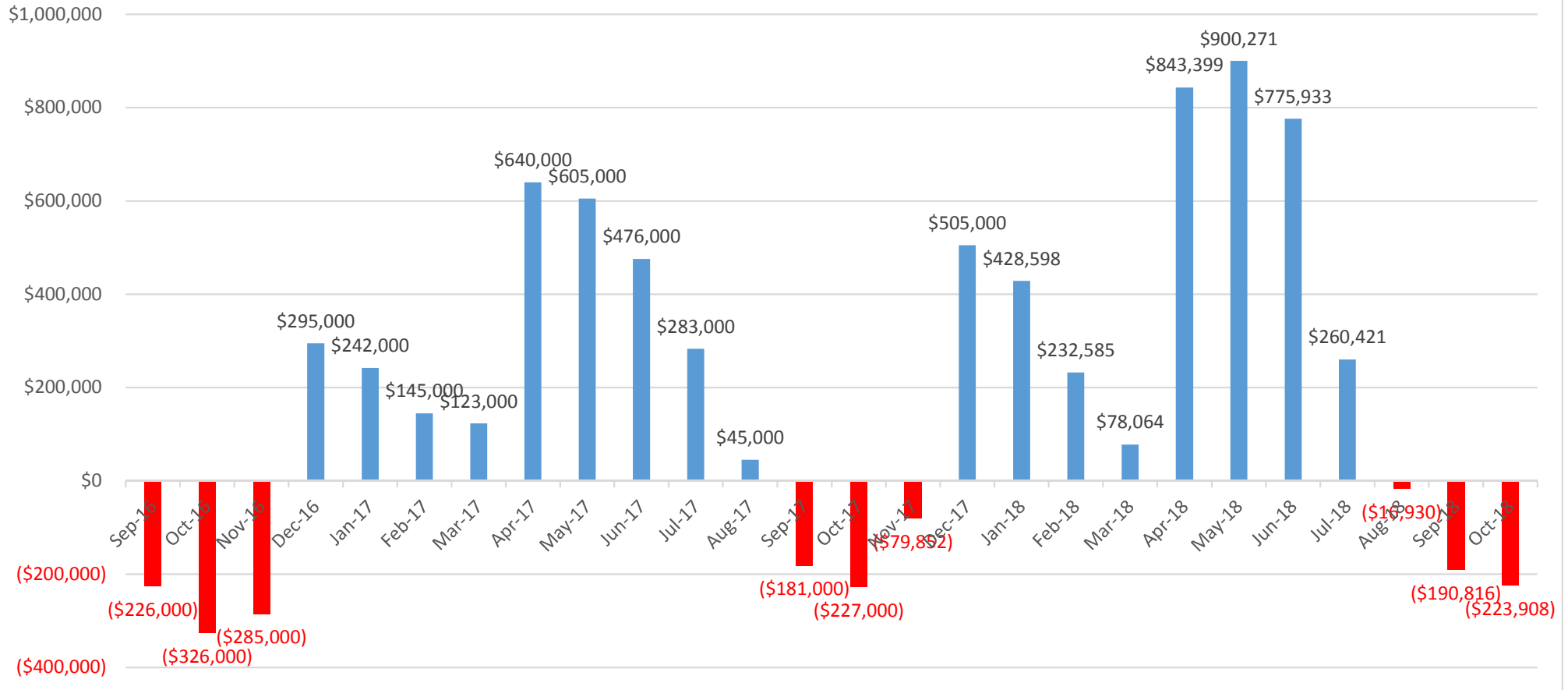
Payment Type	Payable Count	Payment Count	Payment
Regular Checks	197	125	325,133.48
Manual Checks	0	0	0.00
Voided Checks	0	1	0.00
Bank Drafts	3	3	66,305.98
EFT's	0	0	0.00
Totals	200	129	391,439.46

Fund Balances as of October 31, 2018	
Fire & Ambulance Department	
Fire Department Operating Reserve	702,273
Ambulance Department Operating Reserve	186,787
Subtotal Fire & Ambulance Department Operating Reserve Funds	889,061
Recommended Operating Reserve Fund Target (6 Months Operating Expenses)	1,112,969
Fire & Ambulance Department Operating Reserve Surplus / (Shortfall)	(223,908)
Wastewater Division	
Wastewater Capital Improvement Project Reserve	265,750
Wastewater System Connection & Capacity Charges	201,606
CWSRF Loan Agreement 14-813 Debt Reserve (Restricted for SLS 1-3 Debt Service)	171,537
Wastewater Operating Reserve Fund	249,573
Recommended Operating Reserve Fund Target (4 Months Operating Expenses)	554,896
Wastewater Operating Reserve Surplus / (Shortfall)	(305,323)
Water Division	
Water Capital Improvement Project Reserve (\$198,773 CWSRF Reimbursement Pending)	215,124
Water System Connection & Capacity Charges	18,348
Water Infrastructure R&R Reserve (MFC Debt Reserve)	65,341
Water Operating Reserve	528,461
Recommended Operating Reserve Fund Target (4 Months Operating Expenses)	528,461
Water Operating Reserve Surplus / (Shortfall)	-
Assessment Districts Restricted Funds	
Water Assessment District No. 9 Construction Funds	30,218
Water Assessment District No. 10 Construction Funds	26,421
Water Assessment District No. 10 O&M	10,242
Water Assessment District No. 10 Bond Reserve Fund	113,074
Subtotal Assessment Districts	179,955
Total District Designated & Operating Reserve Funds	2,604,800
Assessment District Funds	179,955
Combined Pooled Cash	2,784,755
Checking Account (General)	108,441
LAIF	2,541,739
York Insurance Deposit	14,601
BNY Mellon (AD #10 Bond Reserve)	118,974
Petty Cash	1,000
Combined Pooled Cash	2,784,755

COMBINED POOLED CASH BALANCE



Fire Department Operating Reserve Surplus / (Shortfall)



RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: ASSESSMENT DISTRICT NO. 10 CONTINUING DISCLOSURE ANNUAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2018

RECOMMENDED BOARD ACTION

Consider receiving and filing the Assessment District No. 10 Continuing Disclosure Annual Report for the fiscal year ending June 30, 2018.

REASON FOR RECOMMENDATION

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

BACKGROUND INFORMATION

The Assessment District No. 10 (AD 10) Continuing Disclosure Annual Report for the fiscal year ending June 30, 2018 is included as Attachment 1.

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

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

FISCAL INFORMATION

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

ATTACHMENTS

Attachment 1 – AD 10 Continuing Disclosure Annual Report for Fiscal Year Ended June 30, 2018

ATTACHMENT 1

RUNNING SPRINGS WATER DISTRICT

2003 Limited Obligation Improvement Bonds

Assessment District No. 10

Continuing Disclosure Annual Report

Fiscal Year Ended June 30, 2018

November 2018

OFFICE LOCATIONS:

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

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

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

www.nbsgov.com

Prepared by:



RUNNING SPRINGS WATER DISTRICT

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

DATED: July 31, 2003

CUSIP NOS.

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

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

1. INTRODUCTION

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

2. CONTENT OF ANNUAL REPORT

2.1 Audited Financial Statements

The Audited Financial Statements for the fiscal year ended June 30, 2018 will be disseminated to the EMMA under separate cover.

2.2 Principal Amount of Bonds Outstanding

The principal amount of the Bonds outstanding as of June 30, 2018, was \$430,000.00. The principal amount of the Bonds outstanding as of September 3, 2018, was \$350,000.00.

2.3 Fund Balances

The following table shows the balances in the Redemption Fund and Reserve Fund, as of June 30, 2018 and September 3, 2018:

Fund Description	Balance as of 6/30/2018	Balance as of 9/3/2018
Water Bond Fund ⁽¹⁾	\$103,196.91	\$12,080.71
Reserve Fund	113,073.89	113,073.89

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

2.4 Assessment Prepayments

There were no assessment prepayments during Fiscal Year 2017/18.

2.5 Delinquency Information

As of June 30, 2018, there were no delinquent property owners with delinquent installments related to the Fiscal Year 2017/18 levy.

2.6 Foreclosure Proceedings

One property owner, Chabad of California, Inc., owned four parcels within Assessment District No. 10 (the "Assessment District") and had been delinquent for Fiscal Years 2009/10 through 2011/12. The District pursued foreclosure action against the property owner. On March 12, 2013, a judgment was issued in favor of the District. The Notice of Levy was recorded and served, and the San Bernardino County Sheriff held two tax sales. In May 2015, the parcels sold at a San Bernardino County tax sale for more than the minimum bid to the current property owner, E. Michael and Tina J. Loboda Family Trust and Abra Management Inc.

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

2.7 Assessed Value

As of January 1, 2018, the total assessed value of property in the Assessment District with unpaid assessments was \$16,249,955.

2.8 Major Owners

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

Property Owner	Unpaid Assessments ⁽¹⁾	Percent of Total Unpaid Assessments
WEST COAST TORAH RETREAT & CAMP CENT	\$231,906.16	49.94%

(1) As of June 30, 2018.

2.9 CEDU Operation Changes

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

3. REPORTING OF SIGNIFICANT EVENTS

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

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

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

4. CONCLUDING STATEMENT

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

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

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

Running Springs Water District



Ryan Gross, P.E., BCEE
General Manager

RESOLUTION NO. 19-18

**RESOLUTION OF THE BOARD OF DIRECTORS OF RUNNING SPRINGS
WATER DISTRICT SETTING THE SCHEDULE FOR REGULAR BOARD
MEETINGS**

WHEREAS, the regular Board Meetings of the Board of Directors of the Running Springs Water District are currently conducted on the third Wednesday of each month at 9:00am; and

WHEREAS, Government Code Section 54954 states that the Board of Directors shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by the Board of Directors, the time and place for holding regular meetings;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Running Springs Water District that beginning in January, 2019 the regular Board Meetings of the Board of Directors in each month shall continue to be conducted on the third Wednesday of each month at 9:00am at the District's Boardroom located at 31242 Hilltop Boulevard, Running Springs, California.

ADOPTED by the Board of Directors of the Running Springs Water District on the 14th day of November, 2018

President of the Board of Directors
Running Springs Water District

ATTEST:

Secretary of the Board of Directors
Running Springs Water District

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: CONSIDER RECEIVING, FILING AND AUTHORIZING THE DISTRIBUTION OF THE DISTRICT'S FISCAL YEAR 2017-2018 ANNUAL FINANCIAL REPORT AND AUDIT RESULTS

RECOMMENDED BOARD ACTION

It is recommended that the Board of Directors consider receiving, filing and authorizing the distribution of the District's Fiscal Year 2017-2018 Annual Financial Report and Audit Results.

REASON FOR RECOMMENDATION

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

BACKGROUND INFORMATION

The District is required to have an annual independent financial audit. Van Lant & Fankhanel, LLP (VLF) will present their team's findings and the results from the audit of the District's financial data for fiscal year 2017-2018. A copy of the Fiscal Year 2017-2018 Annual Financial Report was provided to the Board members on November 9, 2017 and is also available at the District office for review by any interested member of the public.

FISCAL INFORMATION

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

ATTACHMENTS

Attachment 1 - Fiscal Year 2017-2018 Annual Financial Report.

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

Board of Directors
Running Springs Water District
Running Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller’s Minimum Audit Requirements for California Special Districts, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District (the “District”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 7, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Van Lant & Fankhauser, LLP

November 7, 2018

November 7, 2018

Board of Directors
Running Springs Water District
Running Springs, CA

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Running Springs Water District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 5, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

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

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

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

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

Very truly yours,

Van Lant & Fankhanel, LLP

RUNNING SPRINGS WATER DISTRICT

ANNUAL FINANCIAL REPORT

Years Ended June 30, 2018 and 2017

Running Springs Water District
Annual Financial Report
 Years Ended June 30, 2018 and 2017

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INTRODUCTORY SECTION



RUNNING SPRINGS WATER DISTRICT
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

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

November 7, 2018

Board of Directors
Running Springs Water District

Subject: Letter of Transmittal for Annual Financial Report and Independent Auditor's Report for the fiscal year ending June 30, 2018 and 2017

Honorable Directors:

We are pleased to provide you with this letter of transmittal for the Running Springs Water District's (District) Annual Financial Report and Independent Auditor's Report for the fiscal year ended June 30, 2018 and 2017. The intended purpose of the financial report is to provide the Board of Directors, the customers of the District and other interested parties with reliable information on the finances of the District. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018 and 2017, are free of material misstatement. The independent auditor concluded, based upon the audit, that in their opinion the District's financial statements for the fiscal year ended June 30, 2018 and 2017 present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2018 and 2017 and the changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

In addition to the required components of the Financial Report, the District has elected to prepare this Letter of Transmittal. This Letter of Transmittal is intended to discuss the District's accomplishments and future direction. It is designed to complement the MD&A and should be read in conjunction with it.

DISTRICT OVERVIEW

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

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

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

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

Government Activities

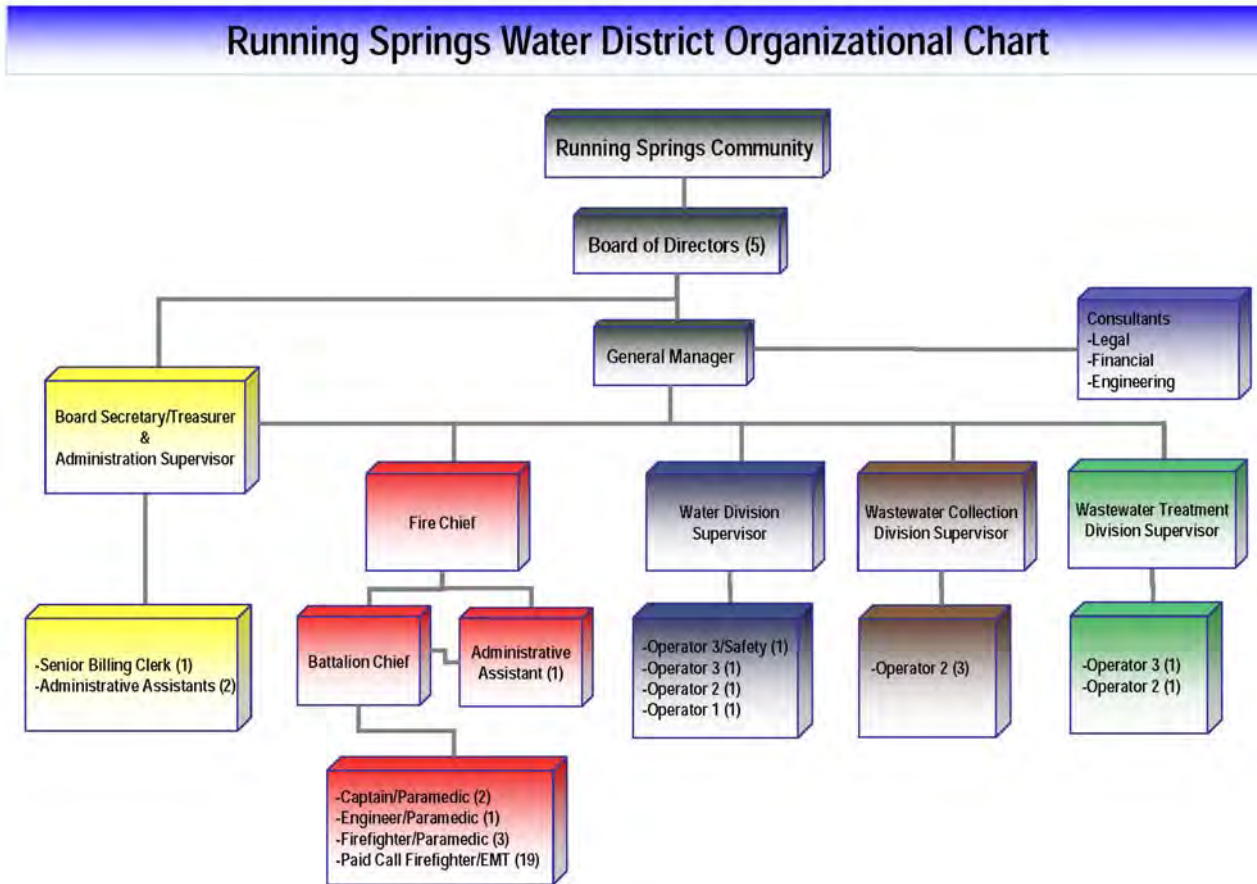
The District's Government Activities include fire protection services for the community of Running Springs.

Business-Type Activities

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

Staffing & Organizational Chart

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

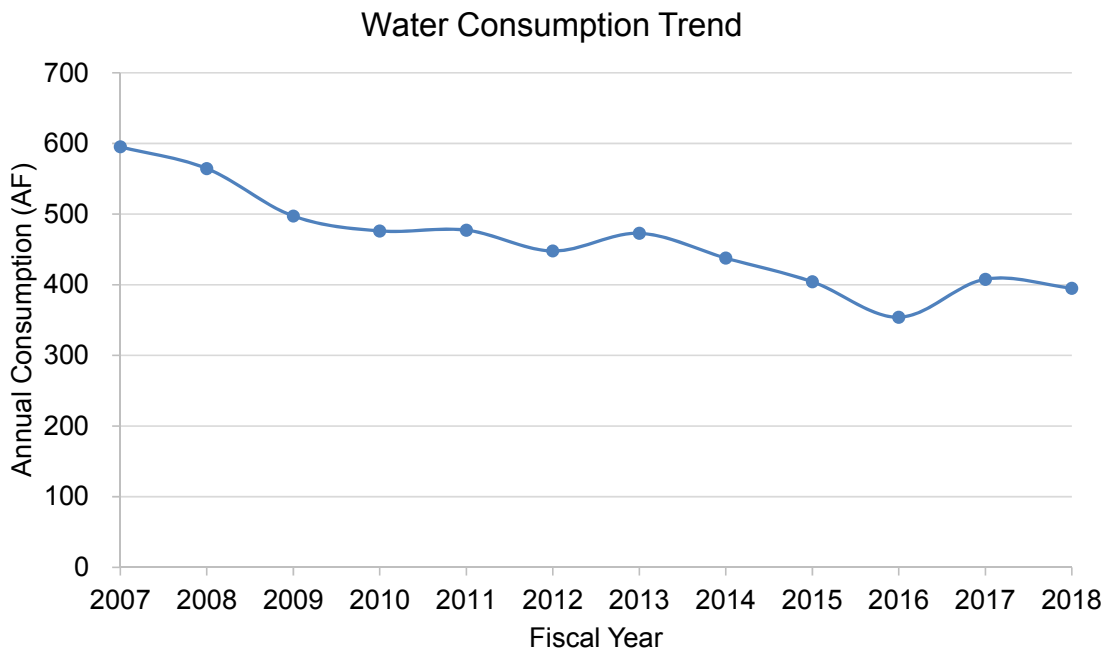


LOCAL ENVIRONMENT

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

WATER RESOURCES MANAGEMENT

The District typically produces more than 50% of its water supply from local District owned groundwater wells. Additional imported groundwater is purchased from Arrowbear Park County Water District and State Water Project water from the Crestline-Lake Arrowhead Water Agency (CLAWA). The District has seen about a 25% decline in water consumption in recent years as depicted on the following chart. The amount of purchased water varies with local groundwater production that is tied to precipitation and groundwater well recharge.



WASTEWATER MANAGEMENT

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

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

FEES AND CHARGES

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

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

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

FINANCIAL PLANNING

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

Beginning in September 2018, the District Board of Directors initiated a comprehensive Water and Wastewater Rate Study, Financial Model and New Connection Fee Study along with an analysis of the Fire Department Revenue Alternatives Analysis. The results of this study will be presented in the spring of 2019.

ACCOUNTING AND INTERNAL CONTROLS

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

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

BUDGETARY CONTROLS

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

FINANCIAL CONDITION

The Management's Discussion and Analysis (MD&A), which can be found immediately following the Independent Auditor's Report in the financial section of this report, summarizes the Statements of Net Position and Statements of Activities and reviews the changes (from the beginning to the end of the period and current year to the prior year). The actual government-wide financial statements are presented on pages 19-24. These government-wide statements are intended to present the District in a more corporate-style basis and provide a view of the big picture.

Additionally, the fund financial statements (starting on page 38) are designed to address the individual funds by category (governmental and proprietary, as well as the fiduciary fund). An explanation of these complementary presentations can be found in the MD&A and in the notes (see Note 1).

Liquidity is the ability to cover short-term obligations. The Proprietary Fund is similar to a business so the current ratio, which is a measurement of liquidity, can be helpful in assessing the liquidity of the District. The current ratio increased from 4.75 at June 30, 2017 to 6.4 at June 30, 2018. The current ratio from the above condensed summary is as follows:

	2018	2017
Current Ratio		
Current Assets	\$ 3,310,041	\$ 2,360,422
Current Liabilities	516,979	497,421
Current Ratio	6.4	4.75

However, since the current assets subtotal includes assets that are not immediately liquid, such as inventory, a more rigorous form of the ratio includes only cash, temporary investments and receivables. The following calculation shows that ratio as 3.81 at June 30, 2017 increasing to 5.37 at June 30, 2018.

	2018	2017
Quick Ratio (more rigorous)		
Cash	\$ 1,000	\$ 1,000
Temporary Investments	1,815,214	935,927
Receivables	959,021	958,308
Cash, Temporary Investments and Receivables	\$ 2,775,235	\$ 1,895,235
Cash, Temporary Investments and Receivables	\$ 2,775,235	\$ 1,895,235
Current Liabilities	516,979	497,421
Quick Ratio	5.37	3.81

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

Solvency is the ability to pay all debts. The debt ratio indicates the District's long-term debt paying ability. The following debt ratio calculation shows an increase from 0.35 at June 30, 2017 to 0.37 at June 30, 2018:

	2018	2017
Debt Ratio		
Total Liabilities	\$ 8,401,756	\$ 7,970,633
Total Assets	22,964,347	22,747,832
Debt Ratio	0.37	0.35

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

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

Respectfully submitted,


Ryan Gross
General Manager


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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Running Springs Water District
Running Springs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District (the "District"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Running Springs Water District, as of June 30, 2018 and 2017, and the changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

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

November 7, 2018

Management's Discussion and Analysis

Our discussion and analysis of Running Springs Water District's financial performance provides an overview of the District's financial activities for the fiscal years ending June 30, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal (beginning on page i) and the District's basic financial statements (beginning on page 19).

FINANCIAL HIGHLIGHTS

- The District's total net position decreased by \$80,333 and increased by \$598,817 as of June 30, 2018 and 2017, respectively. The decrease for the year ended June 30, 2018 is the combination of an increase in net position for the Governmental Activities of \$82,125 and a decrease in net position for the Business Type Activities of \$162,458. The increase for the year ended June 30, 2017 is the combination of an increase in net position for the Governmental Activities of \$298,808 and an increase in net position for the Business Type Activities of \$300,009.
- Total revenues increased \$808,972 (12%) for the year ended June 30, 2018 and increased \$268,470 (4%) for the year ended June 30, 2017.
- Total expenses increased \$1,488,122 (24%) for the year ended June 30, 2018 and increased \$207,433 (4%) for the year ended June 30, 2017. The expense increase in 2018 is primarily due to the actuarial pension expenses. The District's pension expense increased by \$902,133 in 2018 and decreased by \$501,537 in 2017 as determined by CalPERS actuarial valuations. The total actuarial pension expense in 2018 is \$671,903 and was credit balance of \$230,230 in 2017.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

Statement of Net Position

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

Statement of Activities

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

Fund Financial Statements

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

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

The *Proprietary Fund* financial statements include: ***Statements of Net Position***, ***Statements of Revenue, Expenses and Changes in Net Position***, and ***Statements of Cash Flows***. *Statements of Net Position* present our assets, deferred outflows, liabilities, deferred inflows and the difference, or net, between what we own and what we owe as of the last day of our fiscal year. *Statements of Revenues, Expenses and Changes in Net Position* describes the financial results of our proprietary operations for the fiscal years

reported. The Proprietary Fund presentation produces the same totals as the Business-Type column in the government-wide financial statements. Readers also need to know how we manage our cash resources during the year to effect the changes in net position. This information is conveyed in the *Statements of Cash Flows*. The *Statements of Cash Flows* reconcile the income or loss from operations that are reported on the accrual basis with the actual cash inflows and uses. The *Statements of Cash Flows* also detail how we obtain cash through financing and investing activities and, similarly, how we spend cash for these purposes.

The *Fiduciary Fund* financial statements include: ***Statements of Fiduciary Assets and Liabilities***, which consist solely of trust and agency funds and are used to account for resources held for the benefit of parties outside the government (i.e. Assessment Districts). Fiduciary funds are *not* reflected in the *Statement of Net Position* and *Statement of Revenue, Expenses, and Changes in Net Position* because the resources of the fund are *not* available to support the District's own programs. Fiduciary funds are custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The basic fiduciary fund financial statements can be found on page 37 of the Basic Financial Statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 38-64 of the Basic Financial Statements.

OVERVIEW OF SUPPLEMENTARY INFORMATION

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

Additional supplementary information is presented for the Fiduciary Agency Funds which include two statements: *Combining Statement of Fiduciary Assets and Liabilities* and *Combining Statement of Changes in Assets and Liabilities*.

FINANCIAL ANALYSIS

District-wide Analysis

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

Running Springs Water District's Net Position

	Governmental Activities			Business-Type Activities			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Assets:									
Current and Other Assets	\$1,717,764	\$1,543,864	\$1,352,274	\$ 3,310,041	\$ 2,360,423	\$ 1,901,099	\$ 5,027,805	\$ 3,904,287	\$ 3,253,373
Capital Assets	1,046,861	874,399	908,614	19,654,306	20,387,410	20,193,439	20,701,167	21,261,809	21,102,053
Total Assets	<u>2,764,625</u>	<u>2,418,263</u>	<u>2,260,888</u>	<u>22,964,347</u>	<u>22,747,833</u>	<u>22,094,538</u>	<u>25,728,972</u>	<u>25,166,096</u>	<u>24,355,426</u>
Deferred Outflows of									
Resources	<u>1,169,116</u>	<u>1,091,451</u>	<u>643,510</u>	<u>1,439,623</u>	<u>1,400,501</u>	<u>849,706</u>	<u>2,608,739</u>	<u>2,491,952</u>	<u>1,493,216</u>
Liabilities:									
Current Liabilities	120,170	92,320	93,833	516,979	497,422	589,250	637,149	589,742	683,083
Noncurrent Liabilities	3,375,483	2,971,773	2,460,528	7,884,777	7,473,212	6,289,384	11,260,260	10,444,985	8,749,912
Total Liabilities	<u>3,495,653</u>	<u>3,064,093</u>	<u>2,554,361</u>	<u>8,401,756</u>	<u>7,970,634</u>	<u>6,878,634</u>	<u>11,897,409</u>	<u>11,034,727</u>	<u>9,432,995</u>
Deferred Inflows of									
Resources	<u>45,526</u>	<u>135,184</u>	<u>338,408</u>	<u>116,357</u>	<u>129,385</u>	<u>317,304</u>	<u>161,883</u>	<u>264,569</u>	<u>655,712</u>
Net Position:									
Net Investment in									
Capital Assets	1,046,861	874,399	908,614	16,514,181	17,104,684	17,332,575	17,561,042	17,979,083	18,241,189
Restricted for:									
Debt Service	-	-	-	236,878	234,484	169,579	236,878	234,484	169,579
Water & Wastewater Ex	-	-	-	142,428	329,815	324,433	142,428	329,815	324,433
Upstream Users	-	-	-	-	-	67,217	-	-	67,217
Unrestricted (deficit)	(654,299)	(563,962)	(896,985)	(1,007,630)	(1,620,668)	(2,145,498)	(1,661,929)	(2,184,630)	(3,042,483)
Total Net Position	<u>\$ 392,562</u>	<u>\$ 310,437</u>	<u>\$ 11,629</u>	<u>\$15,885,857</u>	<u>\$16,048,315</u>	<u>\$15,748,306</u>	<u>\$16,278,419</u>	<u>\$16,358,752</u>	<u>\$15,759,935</u>

- The assets of Running Springs Water District increased by \$562,876 and \$810,670 as of June 30, 2018 and 2017 respectively. The most significant changes in 2018 and in 2017 are an increase in cash and temporary investments primarily the result of the decrease in construction in progress.
- The Running Springs Water District's total liabilities increased by \$862,682 and \$1,601,732 as of June 30, 2018 and 2017 respectively. The key factor in the increase in 2018 is the increase in net pension liability. The key factors in the increase in 2017 are an additional loan for the replacement of the three sewer lift stations and the increase in net pension liability. As mentioned earlier, GASBS No.

68 required the District to recognize its net pension liability related to its pension plan. The net pension liability is determined using actuarial methods by CalPERS on an annual basis.

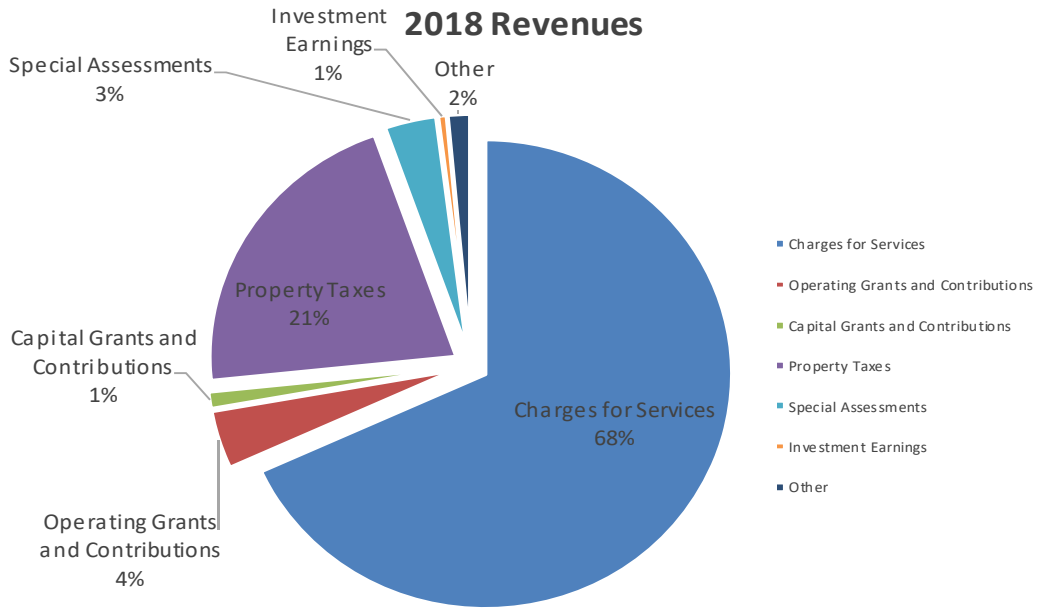
- Net position may serve over time as a useful indicator of a district's financial position. In the case of the Running Springs Water District, net position was \$16,278,419 and \$16,358,752 at the close of June 30, 2018 and 2017, respectively. Of this amount, \$(1,661,929) and \$(2,184,630) as of June 30, 2018 and 2017, respectively, (*unrestricted net position*) may be used to meet the District's ongoing obligations to customers and creditors. Although these amounts are presented in the aggregate, the District must follow certain laws related to the spending of revenues which involve Proposition 218. Water and Sewer resources can only be spent on expenses, programs or projects related to the respective revenue source.

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

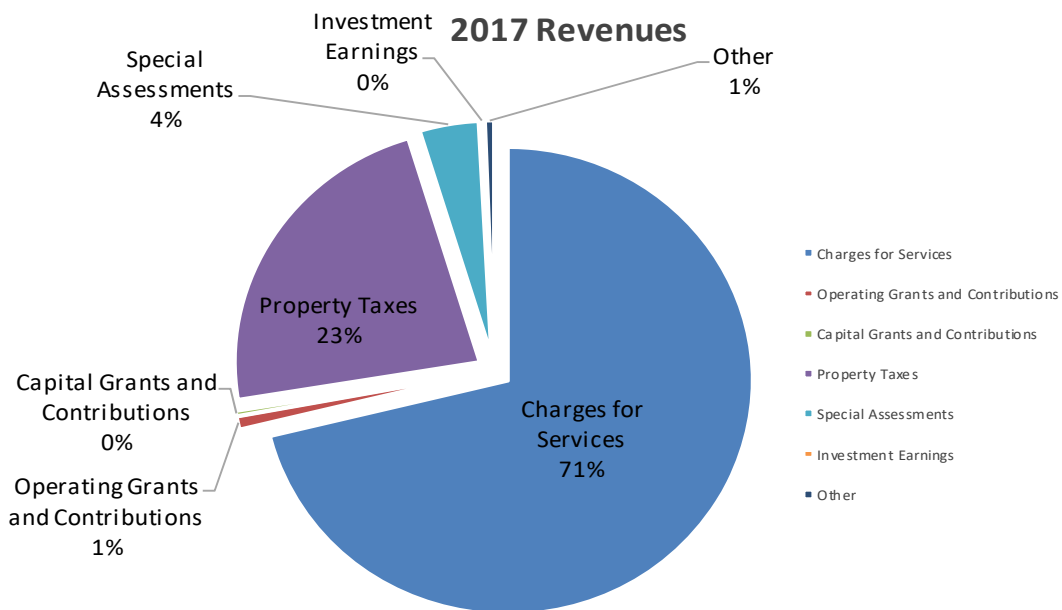
Running Springs Water District's Changes in Net Position

	Governmental Activities			Business-Type Activities			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Revenues:									
Program Revenues:									
Charges for Services	\$ 401,720	\$ 150,848	\$ 114,977	\$ 4,733,336	\$ 4,640,530	\$ 4,298,809	\$ 5,135,056	\$ 4,791,378	\$ 4,413,786
Operating Grants and Contributions	-	-	-	301,393	59,977	156,691	301,393	59,977	156,691
Capital Grants and Contributions	18,953	5,710	5,423	68,617	17,424	36,259	87,570	23,134	41,682
General Revenues:									
Property Taxes	1,603,236	1,539,135	1,483,527	-	-	-	1,603,236	1,539,135	1,483,527
Special Assessments	200,688	201,264	205,122	53,866	59,755	60,971	254,554	261,019	266,093
Investment Earnings	25,275	11,582	3,659	16,576	5,041	7,794	41,851	16,623	11,453
Other	94,827	-	-	21,429	39,678	89,242	116,256	39,678	89,242
Total Revenues	2,344,699	1,908,539	1,812,708	5,195,217	4,822,405	4,649,766	7,539,916	6,730,944	6,462,474
Expenses:									
Fire Protection	2,262,574	1,609,731	1,721,284	-	-	-	2,262,574	1,609,731	1,721,284
Water	-	-	-	2,058,426	1,823,584	1,757,591	2,058,426	1,823,584	1,757,591
Sewer Collection	-	-	-	1,201,618	678,220	835,372	1,201,618	678,220	835,372
Sewer Treatment	-	-	-	1,418,684	1,235,372	1,104,529	1,418,684	1,235,372	1,104,529
Ambulance	-	-	-	678,947	785,220	505,918	678,947	785,220	505,918
Total Expenses	2,262,574	1,609,731	1,721,284	5,357,675	4,522,396	4,203,410	7,620,249	6,132,127	5,924,694
Transfers							-	-	-
Increase (Decrease) in Net Position	82,125	298,808	91,424	(162,458)	300,009	446,356	(80,333)	598,817	537,780
Total Net Position - Beginning	310,437	11,629	(79,795)	16,048,315	15,748,306	15,301,950	16,358,752	15,759,935	15,222,155
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
Total Net Position - Ending	\$ 392,562	\$ 310,437	\$ 11,629	\$15,885,857	\$16,048,315	\$15,748,306	\$16,278,419	\$16,358,752	\$15,759,935

Total revenues increased \$808,972 (12%) for the year ended June 30, 2018.

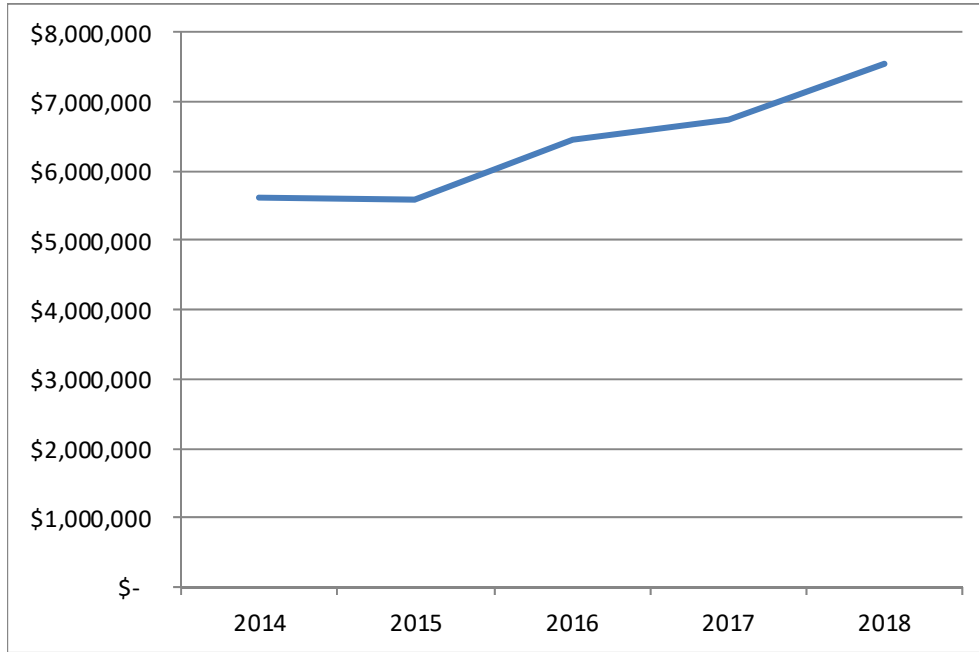


The breakdown of each category of revenue had a slight change as compared to the revenue breakdown for the year ended June 30, 2017 (2017: Charges for Services 71%, Operating Grants and Contributions 1%, Capital Grants and Contributions 0%, Property Taxes 23%, Special Assessments 4%, Investment Earnings 0% and Other 1%).



The increase (4%) in total revenues for 2017 when compared to 2016 is primarily due to rate increases in charges for services and increased property tax revenue.

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



District-wide, total expenses increased \$1,488,122 (24%) for the year ended June 30, 2018 and \$207,433 (4%) for the year ended June 30, 2017. Notable increases in expenses in 2018 are employee salaries, net pension expense due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 and interest expense for the SRF loan. Notable increases in expenses in 2017 are employee salaries and bad debt expense in the Ambulance Department.

Governmental Fund and Governmental Activities (Fire Protection) Analysis

Net position for the Governmental Activities is \$392,562 and \$310,437 at the close of June 30, 2018 and 2017 respectively. The increase of \$82,125 for the year ended June 30, 2018 is primarily the result of the Fire payroll reimbursement revenue and the increase of property taxes. The increase of \$298,808 for the year ended June 30, 2017 is primarily the result of the Fire payroll reimbursement revenue and the decrease of salaries due to the change of Ambulance salary allocation and the credit amount of net pension expense due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 (Governmental Activities).

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

Reconciliation from Modified Accrual to Full Accrual

	2018			2017		
	<u>Modified Accrual</u>		<u>Full Accrual</u>	<u>Modified Accrual</u>		<u>Full Accrual</u>
Statement of Revenues and Expenditures - Governmental Fund - Fire Protection			Statement of Activities - Governmental Activities - Fire Protection			
Revenues	\$ 2,250,118	\$ -	\$ 2,250,118	\$ 1,908,539	\$ -	\$ 1,908,539
Expenditures/Expenses/Transfers	2,193,023	69,551	2,262,574	1,728,846	(119,115)	1,609,731
Excess of Revenues Over (Under) Expenditures	57,095	(69,551)	(12,456)	179,693	119,115	298,808
Other Financing Sources and (Uses) Proceeds from Insurance Claim	94,581	-	94,581	-	-	-
Net Change	<u>\$ 151,676</u>	<u>\$ (69,551)</u>	<u>\$ 82,125</u>	<u>\$ 179,693</u>	<u>\$ 119,115</u>	<u>\$ 298,808</u>

	2016		
	<u>Modified Accrual</u>		<u>Full Accrual</u>
Statement of Revenues and Expenditures - Governmental Fund - Fire Protection			Statement of Activities - Governmental Activities - Fire Protection
Revenues	\$ 1,812,708	\$ -	\$ 1,812,708
Expenditures / Expenses	1,793,451	(72,167)	1,721,284
Excess of Revenues Over (Under) Expenditures	19,257	72,167	91,424
Net Change	<u>\$ 19,257</u>	<u>\$ 72,167</u>	<u>\$ 91,424</u>

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

Net position for the Business-Type Activities is \$15,885,857 and \$16,048,315 at the close of June 30, 2018 and 2017 respectively. The decrease of \$162,458 for the year June 30, 2018 is the increase in net pension expense due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68. The increase of \$300,009 for the year June 30, 2017 is the result of the service charge rate increase. Revenues increased 8% for the year ended June 30, 2018, and expenses increased 18%. Revenues increased 4% for the year ended June 30, 2017, and expenses increased 8%.

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

Proprietary Fund - Change in Net Position

	2018	2017	2016
Operating Revenues			
Water	\$ 1,988,298	\$ 1,906,259	\$ 1,751,686
Sewer Collection	1,091,737	1,033,726	642,489
Sewer Treatment	1,130,601	1,080,653	1,386,669
Ambulance	824,093	679,869	674,656
Total Operating Revenues	<u>5,034,729</u>	<u>4,691,998</u>	<u>4,455,500</u>
Operating Expenses			
Water Department	2,043,878	1,807,352	1,740,121
Sewer Collection	1,080,993	678,220	837,629
Sewer Treatment	1,281,709	1,231,248	1,089,718
Ambulance Department	678,035	784,077	505,782
Total Operating Expenses	<u>5,084,615</u>	<u>4,500,897</u>	<u>4,173,250</u>
Operating Income (Loss)	(49,886)	191,101	282,250
Non-Operating Revenues	91,871	104,474	158,007
Non-Operating Expenses	<u>(273,060)</u>	<u>(21,499)</u>	<u>(30,160)</u>
Income (Loss) Before Property Contributions and Transfers	(231,075)	282,585	410,097
Transfers In			
Capital contributions	68,617	17,424	36,259
Change in Net Position	<u>\$ (162,458)</u>	<u>\$ 300,009</u>	<u>\$ 446,356</u>

Analysis for the year ended June 30, 2018:

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

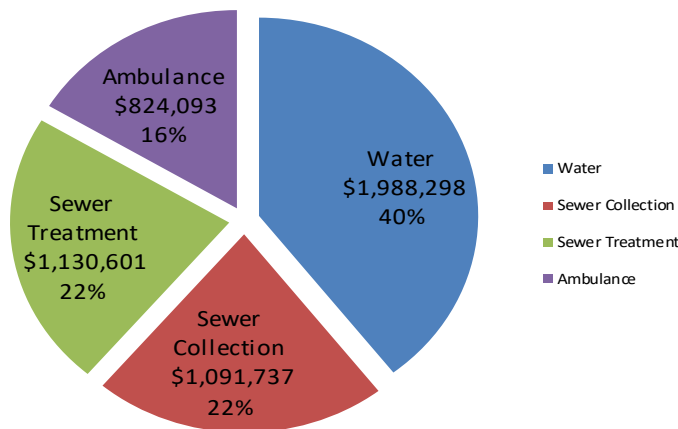
Condensed Summary of Schedules of Revenues, Expenses, and Changes in Net Position - Proprietary Fund - by Departments

	Water Department		Sewer Collection		Sewer Treatment		Ambulance Department	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating Revenues	\$ 1,988,298	\$ 1,906,259	\$ 1,091,737	\$ 1,033,726	\$ 1,130,601	\$ 1,080,653	\$ 824,093	\$ 679,869
Operating Expenses	2,043,878	1,807,352	1,080,993	678,220	1,281,709	1,231,248	678,035	784,077
Operating Income (Loss)	(55,580)	98,907	10,744	355,506	(151,108)	(150,595)	146,058	(104,208)
Nonoperating Revenues	65,069	77,144	7,993	19,314	9,342	6,398	9,467	1,618
Nonoperating Expenses	14,548	16,232	120,625	-	136,975	4,124	912	1,143
Total Nonoperating Revenues (Expenses)	50,521	60,912	(112,632)	19,314	(127,633)	2,274	8,555	475
Income (Loss) before Capital Contributions	(5,059)	159,819	(101,888)	374,820	(278,741)	(148,321)	154,613	(103,733)
Capital Contributions	5,382	5,382	63,235	12,042	-	-	-	-
Transfers In/(Out)	-	-	334,197	(243,599)	(334,197)	243,599	-	-
Change in Net Position	\$ 323	\$ 165,201	\$ 295,544	\$ 143,263	\$ (612,938)	\$ 95,278	\$ 154,613	\$ (103,733)

The condensed summary above shows that the Sewer Treatment Department reported an operating loss for the year ended June 30, 2018 due to splitting the Sewer Department into Sewer Collection and Sewer Treatment. The summary shows an operating income for the year ended June 30, 2017 because of the decrease in operating revenue and the increase of salary allocation percentage.

The following graph shows the breakdown of operating revenues for the Proprietary Fund for the year ending June 30, 2018:

2018 Operating Revenues



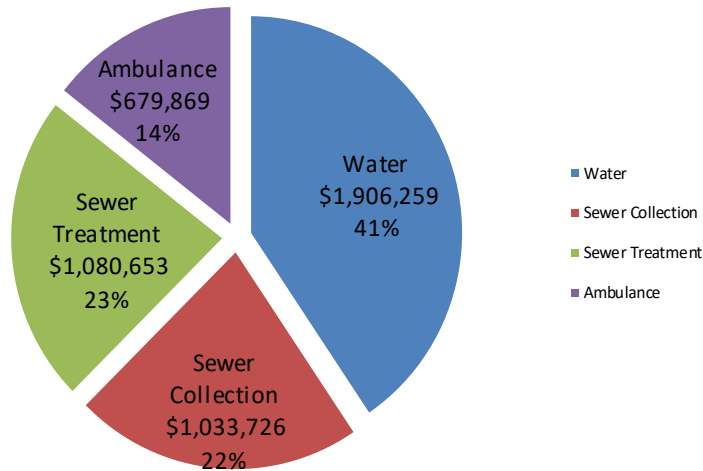
Factors contributing to the Proprietary Fund \$162,458 decrease in net position for the year ended June 30, 2018 are as follows:

- Water and wastewater rates were increased in 2018.
- Net pension expenses were increased in 2018.

Analysis for the year ended June 30, 2017:

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

2017 Operating Revenues



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

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

BUDGETARY HIGHLIGHTS

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

Fire Protection is the only department in the Governmental Fund.

Analysis for the Year Ended June 30, 2018:

The final budget projected a net increase in fund balance of \$128,751. The actual was a net increase of \$151,676. The notable variances for budget to actual are as follows:

- Property taxes revenue was \$53,236 higher than the budgeted amount.
- Investment earning was \$21,775 higher than the budgeted amount.
- Other Revenues were \$367,805 higher than the budgeted amounts due to the reimbursement for Fire services provided outside the District.
- Salaries and wages were \$288,616 higher than the budgeted amount due to the fire services provided outside the District.
- Proceeds of insurance claim was received.
- Capital outlay was \$254,542 higher than the budgeted amount.

Analysis for the Year Ended June 30, 2017:

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

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

CAPITAL ASSETS

The Running Springs Water District's investment in capital assets as of June 30, 2018 and 2017 amounts to \$20,701,167 and \$21,261,809 (net of accumulated depreciation) respectively. The investment at June 30, 2018 represents a net decrease (including additions and deductions) of 3% compared to a net increase (including additions and deductions) of 1% for the year ended June 30, 2017. The investment in capital assets includes land, buildings, improvements, water systems, sewer collection and treatment systems, fire trucks, ambulances, trucks, automobiles, machinery, equipment, and office furniture and equipment.

Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities			Business-Type Activities			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Land and Land Rights	\$ 414,676	\$ 414,676	\$ 414,676	\$ 1,014,656	\$ 1,014,656	\$ 1,014,656	\$ 1,429,332	\$ 1,429,332	\$ 1,429,332
Construction in Progress	93,372	-	-	41,279	503,733	3,986,213	134,651	503,733	3,986,213
Structures and Improvements	118,828	127,127	111,193	-	-	-	118,828	127,127	111,193
Water Plant and Facilities	-	-	-	6,469,949	6,647,943	5,637,325	6,469,949	6,647,943	5,637,325
Sewer Plant and Facilities	-	-	-	11,785,812	11,805,143	9,142,866	11,785,812	11,805,143	9,142,866
Fire Trucks and Mounted Equipment	269,403	280,185	335,492	-	-	-	269,403	280,185	335,492
Trucks and Automobiles	-	-	-	305,883	335,634	380,526	305,883	335,634	380,526
Special Purpose Equipment	134,536	31,266	43,388	-	-	-	134,536	31,266	43,388
Furniture and Equipment	-	-	-	36,727	80,301	31,853	36,727	80,301	31,853
Office Equipment	15,542	19,543	374	-	-	-	15,542	19,543	374
Shop and Station Equipment	504	726	1,113	-	-	-	504	726	1,113
Communication Equipment	-	876	2,378	-	-	-	-	876	2,378
Total	\$ 1,046,861	\$ 874,399	\$ 908,614	\$ 19,654,306	\$ 20,387,410	\$ 20,193,439	\$ 20,701,167	\$ 21,261,809	\$ 21,102,053

The most significant construction-in-progress jobs open at June 30, 2018 include the following:

- Automated Meter Reader (AMR) installation

Additional information on the Running Springs Water District's capital assets can be found in Note 5 on pages 51-54 of the Basic Financial Statements.

NONCURRENT LIABILITIES

The District's noncurrent liabilities at June 30, 2018 and 2017 are \$11,260,260 and \$10,444,985 respectively. Other than the net pension liability, both 2018 and 2017 liabilities included compensated absences and bonds payable (net of all amounts due within one year).

Noncurrent Liabilities

	2018	2017	2016
Governmental Activities:			
Compensated Absences	\$ 118,974	\$ 90,843	\$ 89,754
Net Pension Liability	3,280,304	2,899,099	2,402,353
Total	<u>3,399,278</u>	<u>2,989,942</u>	<u>2,492,107</u>
Less: Current Portion	(23,795)	(18,169)	(31,579)
Noncurrent Portion	<u>3,375,483</u>	<u>2,971,773</u>	<u>2,460,528</u>
Business-Type Activities:			
Bonds and Notes Payable:			
Sewer Treatment, 2001 Installment Payable	-	-	181,450
Sewer Treatment, SWRCB 2014 Installment Payable	2,714,406	2,799,936	2,141,451
Water Supply, 2015 Installment Payable, Ayers	403,995	454,313	502,963
Ambulance, 2016 Installment Payable	21,724	28,477	35,000
Total Bonds and Notes Payable	<u>3,140,125</u>	<u>3,282,726</u>	<u>2,860,864</u>
Compensated Absences	360,707	307,649	259,869
Net Pension Liability	4,635,085	4,124,914	3,462,011
Less: Current Portion	(251,140)	(242,077)	(293,360)
Noncurrent Portion	<u>7,884,777</u>	<u>7,473,212</u>	<u>6,289,384</u>
Government-Wide Summary			
Compensated Absences	479,681	398,492	349,623
Net Pension Liability	7,915,389	7,024,013	5,864,364
Bonds and Notes Payable:	3,140,125	3,282,726	2,860,864
Totals	<u>11,535,195</u>	<u>10,705,231</u>	<u>9,074,851</u>
Less: Current Portion	(274,935)	(260,246)	(324,939)
Noncurrent Portion	<u>\$11,260,260</u>	<u>\$10,444,985</u>	<u>\$8,749,912</u>

The District paid principal payments on the bonds and notes payable of \$176,209 during the year ended June 30, 2018 and \$236,623 during the year ended June 30, 2017, respectively.

Additional information on the Running Springs Water District's noncurrent liabilities can be found in Note 7 on pages 55-58 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Running Springs Water District
Statements of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
ASSETS				
Cash	\$ 165,088	\$ 133,425	\$ 1,000	\$ 1,000
Temporary Investments	1,445,788	1,334,521	1,815,214	935,927
Receivables:				
Customers - Net of Allowance	-	-	870,973	848,678
Other	41,156	17,301	78,485	106,348
Taxes	47,802	42,034	2,159	2,153
Interest	9,792	5,023	7,404	1,129
Materials and Supplies Inventory	-	-	84,479	86,581
Prepaid Expenses	204	869	1,119	4,731
Restricted Assets:				
Cash	7,934	10,691	449,208	373,875
Capital Assets, Not Being Depreciated				
Land	414,676	414,676	1,014,656	1,014,656
Construction in Progress	93,372	-	41,279	503,733
Capital Assets Net of Accumulated Depreciation	538,813	459,723	18,598,371	18,869,021
Total Assets	2,764,625	2,418,263	22,964,347	22,747,832
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Items	1,169,116	1,091,451	1,439,623	1,400,501
LIABILITIES				
Accounts Payable and Accrued Liabilities	96,375	74,151	148,754	170,718
Interest Payable	-	-	38,510	4,392
Other Payables	-	-	26,537	27,646
Unearned Availability Charges	-	-	52,038	52,588
Long-term Liabilities Due Within One Year	23,795	18,169	251,140	242,077
Noncurrent Liabilities:				
Long-term Liabilities	3,375,483	2,971,773	7,884,777	7,473,212
Total Liabilities	3,495,653	3,064,093	8,401,756	7,970,633
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	45,526	135,184	116,357	129,385
NET POSITION				
Net Investment in Capital Assets	1,046,861	874,399	16,514,181	17,104,684
Restricted For Debt Service	-	-	236,878	234,484
Restricted for Wastewater Expansion	-	-	142,428	329,815
Unrestricted (Deficit)	(654,299)	(563,962)	(1,007,630)	(1,620,668)
Total Net Position	\$ 392,562	\$ 310,437	\$ 15,885,857	\$ 16,048,315

Total	
2018	2017
\$ 166,088	\$ 134,425
3,261,002	2,270,448
870,973	848,678
119,641	123,649
49,961	44,187
17,196	6,152
84,479	86,581
1,323	5,600
457,142	384,566
1,429,332	1,429,332
134,651	503,733
<u>19,137,184</u>	<u>19,328,744</u>
<u>25,728,972</u>	<u>25,166,095</u>
<u>2,608,739</u>	<u>2,491,952</u>
245,129	244,869
38,510	4,392
26,537	27,646
52,038	52,588
274,935	260,246
<u>11,260,260</u>	<u>10,444,985</u>
<u>11,897,409</u>	<u>11,034,726</u>
<u>161,883</u>	<u>264,569</u>
17,561,042	17,979,083
236,878	234,484
142,428	329,815
<u>(1,661,929)</u>	<u>(2,184,630)</u>
<u>\$ 16,278,419</u>	<u>\$ 16,358,752</u>

Running Springs Water District
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Fire Protection	\$ 2,262,574	\$ 401,720	\$ -	\$ 18,953
Business-type Activities:				
Water	2,058,426	1,988,298	-	5,382
Sewer Collection	1,201,618	1,091,737	-	63,235
Sewer Treatment	1,418,684	1,130,601	-	-
Ambulance	678,947	522,700	301,393	-
Total Business-type Activities	5,357,675	4,733,336	301,393	68,617
Total Primary Government	\$ 7,620,249	\$ 5,135,056	\$ 301,393	\$ 87,570

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

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,841,901)	\$ -	\$ (1,841,901)
-	(64,746)	(64,746)
-	(46,646)	(46,646)
-	(288,083)	(288,083)
-	145,146	145,146
-	(254,329)	(254,329)
(1,841,901)	(254,329)	(2,096,230)
1,603,236	-	1,603,236
200,688	53,866	254,554
25,275	16,576	41,851
-	10,840	10,840
246	3,864	4,110
-	6,725	6,725
94,581	-	94,581
1,924,026	91,871	2,015,897
82,125	(162,458)	(80,333)
310,437	16,048,315	16,358,752
<u>\$ 392,562</u>	<u>\$ 15,885,857</u>	<u>\$ 16,278,419</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Fire Protection	\$ 1,609,731	\$ 150,848	\$ -	\$ 5,710
Business-type Activities:				
Water	1,823,584	1,906,259	-	5,382
Sewer Collection	678,220	1,033,726	-	12,042
Sewer Treatment	1,235,372	1,080,653	-	-
Ambulance	785,220	619,892	59,977	-
Total Business-type Activities	4,522,396	4,640,530	59,977	17,424
Total Primary Government	\$ 6,132,127	\$ 4,791,378	\$ 59,977	\$ 23,134

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

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,453,173)	\$ -	\$ (1,453,173)
-	88,057	88,057
-	367,548	367,548
-	(154,719)	(154,719)
-	(105,351)	(105,351)
-	195,535	195,535
(1,453,173)	195,535	(1,257,638)
1,539,135	-	1,539,135
201,264	59,755	261,019
11,582	5,041	16,623
-	10,636	10,636
-	29,042	29,042
1,751,981	104,474	1,856,455
298,808	300,009	598,817
11,629	15,748,306	15,759,935
<u>\$ 310,437</u>	<u>\$ 16,048,315</u>	<u>\$ 16,358,752</u>

Running Springs Water District
Balance Sheets
Governmental Fund - Fire Protection
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 165,088	\$ 133,425
Temporary Investments	1,445,788	1,334,521
Restricted Cash	7,934	10,691
Accounts Receivable:		
Fire Availability Charges and Other	41,156	17,301
Taxes Receivable	47,802	42,034
Interest Receivable	9,792	5,023
Prepaid Expenses	204	869
Total Assets	\$ 1,717,764	\$ 1,543,864
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 96,375	\$ 74,151
Total Liabilities	96,375	74,151
Fund Balances:		
Nonspendable:		
Prepays	204	869
Committed:		
Equipment Replacement - General	-	12,188
Equipment Replacement - Breathing Apparatus	-	76,923
Assigned:		
Workers' Compensation Fund	7,934	12,432
Unassigned	1,613,251	1,367,301
Total Fund Balances	1,621,389	1,469,713
Total Liabilities and Fund Balances	\$ 1,717,764	\$ 1,543,864

The accompanying notes are an integral part of this statement.

Running Springs Water District
Reconciliation of the Balance Sheets to the Statements of Net Position
Governmental Fund
June 30, 2018 and 2017

	2018	2017
Fund balances - total governmental fund	\$ 1,621,389	\$ 1,469,713
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Capital Assets	2,476,771	2,245,520
Accumulated Depreciation	(1,429,910)	(1,371,121)
<p>Amounts for deferred inflows and deferred outflows related to the District's Net Pension Liability are not reported in the funds.</p>		
Deferred Outflows Related to Pensions	1,169,116	1,091,451
Deferred Inflows Related to Pensions	(45,526)	(135,184)
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Compensated Absences	(118,974)	(90,843)
Net Pension Liability	(3,280,304)	(2,899,099)
Net Position of Governmental Activities	\$ 392,562	\$ 310,437

The accompanying notes are an integral part of this statement.

Running Springs Water District
Statements of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Fund - Fire Protection
Years Ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Property Taxes	\$ 1,603,236	\$ 1,539,135
Assessments - Fire Availability Charges	200,688	201,264
Hazard Abatement Program Revenue	14,161	16,654
Other Revenue	387,805	134,194
Investment Earnings	25,275	11,582
Intergovernmental Revenue	18,953	5,710
Total Revenues	2,250,118	1,908,539
EXPENDITURES		
Salaries and Benefits	1,667,786	1,444,805
Services and Supplies	270,695	237,732
Capital Outlay	254,542	46,309
Total Expenditures	2,193,023	1,728,846
Excess (Deficiency) of Revenues Over Expenditures	57,095	179,693
OTHER FINANCING SOURCES (USES)		
Proceeds from Insurance Claim	94,581	-
Total Other Financing Sources (Uses)	94,581	-
Net Change in Fund Balances	151,676	179,693
Fund Balance, Beginning of Year	1,469,713	1,290,020
Fund Balance, End of Year	\$ 1,621,389	\$ 1,469,713

Running Springs Water District
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund
Balance of Governmental Fund to the Statements of Activities
Years Ended June 30, 2018 and 2017

	2018	2017
Net change in fund balances - governmental fund	\$ 151,676	\$ 179,693
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital Outlay	254,542	46,309
Depreciation	(82,080)	(80,524)
Amounts for deferred inflows and deferred outflows related to the District's net pension liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability.		
Deferred Outflows Related to Pensions	77,665	447,941
Deferred Inflows Related to Pensions	89,658	203,224
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences	(28,131)	(1,089)
Net Pension Liability	(381,205)	(496,746)
Change in Net Position of Governmental Activities	\$ 82,125	\$ 298,808

The accompanying notes are an integral part of this statement.

Running Springs Water District
Statements of Net Position
Proprietary Funds
June 30, 2018 and 2017

	Water		Sewer Collection	
	2018	2017	2018	2017
ASSETS				
Current Assets:				
Cash	\$ 950	\$ 950	\$ 50	\$ 50
Temporary Investments	958,828	558,651	249,997	273,970
Receivables:				
Customers - Net of Allowances	235,816	214,149	205,161	183,127
Other	25,762	21,403	4,864	3,531
Taxes	1,078	1,867	1,081	286
Interest	4,467	990	794	68
Material and Supplies Inventory	60,329	59,882	24,150	26,699
Prepaid Expenses	612	3,301	288	373
Restricted:				
Cash	78,378	68,674	272,850	305,201
Total Current Assets	<u>1,366,220</u>	<u>929,867</u>	<u>759,235</u>	<u>793,305</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	688,492	688,492	326,164	326,164
Construction in Progress	41,279	23,900	-	-
Capital Assets, Net of Accumulated Depreciation	<u>6,575,892</u>	<u>6,774,655</u>	<u>6,296,774</u>	<u>6,493,167</u>
Total Noncurrent Assets	<u>7,305,663</u>	<u>7,487,047</u>	<u>6,622,938</u>	<u>6,819,331</u>
Total Assets	<u>8,671,883</u>	<u>8,416,914</u>	<u>7,382,173</u>	<u>7,612,636</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Items	<u>806,189</u>	<u>784,281</u>	<u>348,390</u>	<u>616,220</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	81,734	62,885	18,049	50,409
Interest Payable	3,807	4,281	34,618	-
Other Payables	26,537	27,646	-	-
Unearned Availability Charges	38,308	38,758	13,730	13,830
Current Portion of Long-term Liabilities	99,815	91,759	132,921	134,118
Total Current Liabilities	<u>250,201</u>	<u>225,329</u>	<u>199,318</u>	<u>198,357</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Liabilities	<u>3,138,687</u>	<u>2,879,710</u>	<u>3,767,963</u>	<u>4,533,990</u>
Total Noncurrent Liabilities	<u>3,138,687</u>	<u>2,879,710</u>	<u>3,767,963</u>	<u>4,533,990</u>
Total Liabilities	<u>3,388,888</u>	<u>3,105,039</u>	<u>3,967,281</u>	<u>4,732,347</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	<u>65,160</u>	<u>72,455</u>	<u>28,159</u>	<u>56,930</u>
NET POSITION				
Net Investment in Capital Assets	6,901,668	7,032,734	3,908,532	4,019,395
Restricted for Debt Service	65,341	65,341	171,537	169,143
Restricted for Wastewater Expansion	9,704	5,382	66,362	324,433
Unrestricted (deficit)	(952,689)	(1,079,756)	(411,308)	(1,073,392)
Total Net Position	<u>\$ 6,024,024</u>	<u>\$ 6,023,701</u>	<u>\$ 3,735,123</u>	<u>\$ 3,439,579</u>

Sewer Treatment		Ambulance		Total Enterprise Funds	
2018	2017	2018	2017	2018	2017
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
336,297	15,072	270,092	88,234	1,815,214	935,927
-	-	429,996	451,402	870,973	848,678
47,859	81,414	-	-	78,485	106,348
-	-	-	-	2,159	2,153
687	-	1,456	71	7,404	1,129
-	-	-	-	84,479	86,581
219	707	-	350	1,119	4,731
97,980	-	-	-	449,208	373,875
<u>483,042</u>	<u>97,193</u>	<u>701,544</u>	<u>540,057</u>	<u>3,310,041</u>	<u>2,360,422</u>
-	-	-	-	1,014,656	1,014,656
-	479,833	-	-	41,279	503,733
<u>5,543,012</u>	<u>5,401,762</u>	<u>182,693</u>	<u>199,437</u>	<u>18,598,371</u>	<u>18,869,021</u>
<u>5,543,012</u>	<u>5,881,595</u>	<u>182,693</u>	<u>199,437</u>	<u>19,654,306</u>	<u>20,387,410</u>
<u>6,026,054</u>	<u>5,978,788</u>	<u>884,237</u>	<u>739,494</u>	<u>22,964,347</u>	<u>22,747,832</u>
285,044	-	-	-	1,439,623	1,400,501
30,823	36,185	18,148	21,239	148,754	170,718
-	-	85	111	38,510	4,392
-	-	-	-	26,537	27,646
-	-	-	-	52,038	52,588
11,412	9,447	6,992	6,753	251,140	242,077
<u>42,235</u>	<u>45,632</u>	<u>25,225</u>	<u>28,103</u>	<u>516,979</u>	<u>497,421</u>
963,395	37,788	14,732	21,724	7,884,777	7,473,212
<u>963,395</u>	<u>37,788</u>	<u>14,732</u>	<u>21,724</u>	<u>7,884,777</u>	<u>7,473,212</u>
<u>1,005,630</u>	<u>83,420</u>	<u>39,957</u>	<u>49,827</u>	<u>8,401,756</u>	<u>7,970,633</u>
23,038	-	-	-	116,357	129,385
5,543,012	5,881,595	160,969	170,960	16,514,181	17,104,684
-	-	-	-	236,878	234,484
66,362	-	-	-	142,428	329,815
(326,944)	13,773	683,311	518,707	(1,007,630)	(1,620,668)
<u>\$ 5,282,430</u>	<u>\$ 5,895,368</u>	<u>\$ 844,280</u>	<u>\$ 689,667</u>	<u>\$ 15,885,857</u>	<u>\$ 16,048,315</u>

Running Springs Water District
Statements of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

Years Ended June 30, 2018 and 2017

	Water		Sewer Collection	
	2018	2017	2018	2017
OPERATING REVENUES				
Monthly Service Charges	\$ 1,109,851	\$ 1,058,989	\$ 820,921	\$ 763,059
Usage Charges	757,676	727,487	58,884	56,108
Special Charges - R&R Fee	68,112	66,794	192,552	188,744
Delinquent Charges	25,090	35,751	10,237	1,552
Other Revenues	10,274	5,183	9,143	24,263
Turn-on and Shut-off Charges	17,295	12,055	-	-
Operating Grants and Contributions	-	-	-	-
Charges to Upstream Users	-	-	-	-
Total Operating Revenues	<u>1,988,298</u>	<u>1,906,259</u>	<u>1,091,737</u>	<u>1,033,726</u>
OPERATING EXPENSES				
Source of Supply	238,909	186,074	-	-
Pumping	59,750	62,239	-	-
Water Treatment	34,481	26,704	-	-
Transmission and Distribution	480	329	-	-
Customers' Accounts	1,591	2,025	-	-
Sewage Collections	-	-	76,068	64,836
Sewage Treatment	-	-	-	-
Salaries and Benefits	1,437,864	1,139,337	672,031	404,613
Others	29,032	181,702	102,928	48,447
Depreciation	241,771	208,942	229,966	160,324
Total Operating Expenses	<u>2,043,878</u>	<u>1,807,352</u>	<u>1,080,993</u>	<u>678,220</u>
Operating Income (Loss)	<u>(55,580)</u>	<u>98,907</u>	<u>10,744</u>	<u>355,506</u>
NONOPERATING REVENUES (EXPENSES)				
Assessments - Availability Charges	39,817	45,321	7,134	8,036
Investment Earnings	12,158	3,593	859	-
Leasing Revenue	10,840	10,636	-	-
Miscellaneous	2,254	17,594	-	11,278
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Interest on Long-term Debt	(14,548)	(16,232)	(120,625)	-
Total Nonoperating Revenue (Expenses)	<u>50,521</u>	<u>60,912</u>	<u>(112,632)</u>	<u>19,314</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(5,059)</u>	<u>159,819</u>	<u>(101,888)</u>	<u>374,820</u>
Capital Contributions	5,382	5,382	63,235	12,042
Transfers In	-	-	334,197	-
Transfers Out	-	-	-	(243,599)
Change in Net Position	<u>323</u>	<u>165,201</u>	<u>295,544</u>	<u>143,263</u>
Net Position, Beginning of Year	<u>6,023,701</u>	<u>5,858,500</u>	<u>3,439,579</u>	<u>3,296,316</u>
Net Position, End of Year	<u>\$ 6,024,024</u>	<u>\$ 6,023,701</u>	<u>\$ 3,735,123</u>	<u>\$ 3,439,579</u>

Sewer Treatment		Ambulance		Total Enterprise Funds	
2018	2017	2018	2017	2018	2017
\$ 671,663	\$ 624,321	\$ 493,499	\$ 548,492	\$ 3,095,934	\$ 2,994,861
48,178	45,907	-	-	864,738	829,502
-	-	-	-	260,664	255,538
8,376	1,270	-	-	43,703	38,573
-	2,402	29,201	71,400	48,618	103,248
-	-	-	-	17,295	12,055
-	-	301,393	59,977	301,393	59,977
402,384	406,753	-	-	402,384	406,753
<u>1,130,601</u>	<u>1,080,653</u>	<u>824,093</u>	<u>679,869</u>	<u>5,034,729</u>	<u>4,700,507</u>
-	-	-	-	238,909	186,074
-	-	-	-	59,750	62,239
-	-	-	-	34,481	26,704
-	-	-	-	480	329
-	-	-	-	1,591	2,025
-	-	-	-	76,068	64,836
243,721	234,742	-	-	243,721	234,742
595,096	535,837	369,485	447,978	3,074,476	2,527,765
136,251	172,880	273,209	294,219	541,420	697,248
306,641	287,789	35,341	41,880	813,719	698,935
<u>1,281,709</u>	<u>1,231,248</u>	<u>678,035</u>	<u>784,077</u>	<u>5,084,615</u>	<u>4,500,897</u>
<u>(151,108)</u>	<u>(150,595)</u>	<u>146,058</u>	<u>(104,208)</u>	<u>(49,886)</u>	<u>199,610</u>
6,915	6,398	-	-	53,866	59,755
927	-	2,632	1,448	16,576	5,041
-	-	-	-	10,840	10,636
1,500	-	110	170	3,864	29,042
(136,975)	-	6,725	-	(130,250)	-
-	(4,124)	(912)	(1,143)	(136,085)	(21,499)
<u>(127,633)</u>	<u>2,274</u>	<u>8,555</u>	<u>475</u>	<u>(181,189)</u>	<u>82,975</u>
(278,741)	(148,321)	154,613	(103,733)	(231,075)	282,585
-	-	-	-	68,617	17,424
-	243,599	-	-	334,197	243,599
<u>(334,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(334,197)</u>	<u>(243,599)</u>
(612,938)	95,278	154,613	(103,733)	(162,458)	300,009
<u>5,895,368</u>	<u>5,800,090</u>	<u>689,667</u>	<u>793,400</u>	<u>16,048,315</u>	<u>15,748,306</u>
<u>\$ 5,282,430</u>	<u>\$ 5,895,368</u>	<u>\$ 844,280</u>	<u>\$ 689,667</u>	<u>\$ 15,885,857</u>	<u>\$ 16,048,315</u>

Running Springs Water District
Statements of Cash Flows
Proprietary Funds
Years Ended June 30, 2018 and 2017

	Water	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,963,061	\$ 1,891,716
Cash Payments for Employee Services	(1,153,674)	(1,142,408)
Cash Paid to Suppliers	(340,303)	(420,168)
Other Revenue	13,094	28,230
	482,178	357,370
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Availability Charges	39,367	42,428
Cash Received (Paid to) Other Funds	-	-
	39,367	42,428
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(60,387)	(45,591)
Proceeds from Sale of Capital Assets	-	-
Proceeds from Installments Payable	-	-
Capital Contributions	5,382	5,382
Principal Payments on Debt	(50,318)	(48,650)
Interest Paid	(15,022)	(16,692)
	(120,345)	(105,551)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	8,681	2,603
	8,681	2,603
Net Increase (Decrease) in Cash and Cash Equivalents	409,881	296,850
Cash and Cash Equivalents, Beginning of Year	628,275	331,425
Cash and Cash Equivalents, End of Year	\$ 1,038,156	\$ 628,275
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION		
Current Assets:		
Cash	\$ 950	\$ 950
Temporary Investments	958,828	558,651
Restricted Cash	78,378	68,674
	\$ 1,038,156	\$ 628,275

Sewer Collection		Sewer Treatment		Ambulance		Total Enterprise Funds	
2018	2017	2018	2017	2018	2017	2018	2017
\$ 1,067,575	\$ 1,000,477	\$ 1,164,156	\$ 1,080,653	\$ 845,499	\$ 704,698	\$ 5,040,291	\$ 4,677,544
(1,112,205)	(477,895)	70,636	(488,602)	(370,731)	(447,978)	(2,565,974)	(2,556,883)
(211,183)	(122,053)	(385,012)	(372,144)	(274,704)	(291,560)	(1,211,202)	(1,205,925)
-	11,278	1,500	-	110	170	14,704	39,678
(255,813)	411,807	851,280	219,907	200,174	(34,670)	1,277,819	954,414
7,034	11,283	6,915	6,581	-	-	53,316	60,292
334,197	(243,599)	(334,197)	243,599	-	-	-	-
341,231	(232,316)	(327,282)	250,180	-	-	53,316	60,292
(33,573)	(661,895)	(105,033)	(273,769)	(18,597)	(19,308)	(217,590)	(1,000,563)
-	-	-	-	6,725	-	6,725	-
33,608	658,485	-	-	-	-	33,608	658,485
63,235	12,042	-	67,217	-	-	68,617	84,641
(119,138)	-	-	(181,450)	(6,753)	(6,523)	(176,209)	(236,623)
(86,007)	4,623	-	(11,112)	(938)	(1,168)	(101,967)	(24,349)
(141,875)	13,255	(105,033)	(399,114)	(19,563)	(26,999)	(386,816)	(518,409)
133	(68)	240	883	1,247	1,377	10,301	4,795
133	(68)	240	883	1,247	1,377	10,301	4,795
(56,324)	192,678	419,205	71,856	181,858	(60,292)	954,620	501,092
579,221	386,543	15,072	(56,784)	88,234	148,526	1,310,802	809,710
<u>\$ 522,897</u>	<u>\$ 579,221</u>	<u>\$ 434,277</u>	<u>\$ 15,072</u>	<u>\$ 270,092</u>	<u>\$ 88,234</u>	<u>\$ 2,265,422</u>	<u>\$ 1,310,802</u>
\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
249,997	273,970	336,297	15,072	270,092	88,234	1,815,214	935,927
272,850	305,201	97,980	-	-	-	449,208	373,875
<u>\$ 522,897</u>	<u>\$ 579,221</u>	<u>\$ 434,277</u>	<u>\$ 15,072</u>	<u>\$ 270,092</u>	<u>\$ 88,234</u>	<u>\$ 2,265,422</u>	<u>\$ 1,310,802</u>

Continued

Running Springs Water District
Statements of Cash Flows
Proprietary Funds
Years Ended June 30, 2018 and 2017

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	Water	
	2018	2017
Operating Income (Loss)	\$ (55,580)	\$ 98,907
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:		
Depreciation	241,771	208,942
Other Income	13,094	28,230
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(25,237)	(14,543)
(Increase) Decrease in Prepaid Expenses	2,689	(3,301)
(Increase) Decrease in Inventory	(447)	2,460
(Increase) Decrease in Deferred Outflows	(21,908)	(308,445)
Increase (Decrease) in Accounts Payable	22,807	14,348
Increase (Decrease) in Accrued Wages	(3,958)	7,770
Increase (Decrease) in Other Payables	(1,109)	25,398
Increase (Decrease) in Compensated Absences	31,656	31,614
Increase (Decrease) in Net Pension Liability	285,695	371,226
Increase (Decrease) in Deferred Inflows	(7,295)	(105,236)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 482,178	\$ 357,370
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets on Account	\$ -	\$ -

Sewer Collection		Sewer Treatment		Ambulance		Total Business-type Activities	
2018	2017	2018	2017	2018	2017	2018	2017
\$ 10,744	\$ 355,506	\$ (151,108)	\$ (150,595)	\$ 146,058	\$ (104,208)	\$ (49,886)	\$ 199,610
229,966	160,324	306,641	287,789	35,341	41,880	813,719	698,935
-	11,278	1,500	-	110	170	14,704	39,678
(24,162)	(33,249)	33,555	-	21,406	24,829	5,562	(22,963)
85	(373)	488	(707)	350	(350)	3,612	(4,731)
2,549	(611)	-	-	-	-	2,102	1,849
267,830	(242,350)	(285,044)	-	-	-	(39,122)	(550,795)
(34,821)	6,172	(5,527)	36,185	(1,845)	3,012	(19,386)	59,717
2,461	(8,676)	165	-	(1,246)	-	(2,578)	(906)
-	(13,958)	-	-	-	(3)	(1,109)	11,437
11,578	(31,070)	9,825	47,235	-	-	53,059	47,779
(693,272)	291,677	917,747	-	-	-	510,170	662,903
(28,771)	(82,863)	23,038	-	-	-	(13,028)	(188,099)
<u>\$ (255,813)</u>	<u>\$ 411,807</u>	<u>\$ 851,280</u>	<u>\$ 219,907</u>	<u>\$ 200,174</u>	<u>\$ (34,670)</u>	<u>\$ 1,277,819</u>	<u>\$ 954,414</u>
\$ -	\$ 107,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,657

Running Springs Water District
Statements of Fiduciary Assets and Liabilities
Agency Fund (Assessment Districts)
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash with Fiscal Agent	\$ 118,974	\$ 118,031
Temporary Investments	155,276	290,483
Total Assets	\$ 274,250	\$ 408,514
 LIABILITIES		
Accounts Payable	\$ 379	\$ 764
Due to Bondholders	273,871	407,750
Total Liabilities	\$ 274,250	\$ 408,514

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Summary of Significant Accounting Policies	39-47
2	Cash and Temporary Investments	47-50
3	Accounts Receivable - Customers	50
4	Other Receivables	50
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10	Risk Management	63-64
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12	Loss Contingency	64
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Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Business and Reporting Entity

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

The Board of Directors and officers of the District at June 30, 2018 are as follows:

NAME	OFFICER	TERM EXPIRES
Tony Grabow	President	December 2018
Errol Mackzum	Vice-President	December 2018
Michael Terry	Director	December 2020
William Conrad	Director	December 2018
Dennis Michael Milliorn	Director	December 2018
Ryan Gross	General Manager	
Joan Eaton	Secretary/Treasurer	

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

Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-Wide and Fund Financial Statements - Continued

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

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

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

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

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

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The District reports the following major governmental fund:

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

The District reports the following proprietary funds:

The *Water Fund* - used to account for all activities relating to the District's water service operations.

The *Sewer Collection Fund* - used to account for all activities relating to the District's sewer collection operations.

The *Sewer Treatment Fund* - used to account for all activities relating to the District's sewer treatment operations.

The *Ambulance Fund* - used to account for all activities relating to the District's ambulance services.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Donated plant and cash received for capital improvement without the requirement that the District give resources in exchange are recorded as contributions.

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows resulting from the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

E. Net Position Flow Assumption

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

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

F. Cash and Investments

Investments for the District are reported at fair value.

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

G. Customer Billings and Allowance for Uncollectible Accounts

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

Ambulance customers are billed after service has been provided. The District provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of the ambulance receivables. The allowance for uncollectible ambulance fees was \$964,791 and \$1,558,274 at June 30, 2018 and 2017, respectively.

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Inventories

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

I. Restricted Assets

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

J. Capital Assets

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. For the current fiscal year no interest was capitalized. Total interest charged to expense for the 2017-18 and 2016-17 fiscal years was \$136,085 and \$21,499, respectively.

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

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

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Compensated Absences Liability

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

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

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

L. Fund Balance

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

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

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Fund Balance - Continued

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

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

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

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

M. Use of Estimates

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

N. Property Tax

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

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

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Reclassifications

Certain amounts in the June 30, 2017 financial statements have been reclassified to conform to the June 30, 2018 presentation.

P. New Accounting Pronouncements

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

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

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 87 - Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 88 - Certain Disclosures Related to Debt: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. New Accounting Pronouncements - Continued

GASB 90 – Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Q. Pensions

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

2) CASH AND TEMPORARY INVESTMENTS

Cash and investments at June 30, 2018 and 2017 are classified in the accompanying financial statements as follows:

	Government Wide Statement of Net Position	Statement of Fiduciary Assets and Liabilities	2018 Total	2017 Total
Cash	\$ 166,088	\$ -	\$ 166,088	\$ 134,425
Temporary Investments	3,261,002	155,276	3,416,278	2,560,931
Restricted Cash	457,142	-	457,142	384,566
Cash with Fiscal Agent	-	118,974	118,974	118,031
Total	\$ 3,884,232	\$ 274,250	\$ 4,158,482	\$ 3,197,953

Cash and investments consist of the following at June 30, 2018 and 2017:

	2018	2017
Deposits with Financial Institutions	\$ 179,690	\$ 150,783
Petty Cash	1,000	1,000
Local Agency Investment Fund (LAIF)	3,858,818	2,928,139
Held by Bond Trustee:		
Money Market Fund	118,974	118,031
Total Cash and Investments	\$ 4,158,482	\$ 3,197,953

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

2) CASH AND TEMPORARY INVESTMENTS - Continued

Restricted Cash

As of June 30, 2018 and 2017, the District had the following cash balances restricted for specific purposes:

Restricted for:	Restricted Cash	
	2018	2017
Workers' Compensation Insurance Claims	\$ 14,601	\$ 17,358
SRF Loan Debt Service Reserve	236,878	234,484
Water and Wastewater Capacity Expansion	205,663	132,724
Total	\$ 457,142	\$ 384,566

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

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

Disclosures Relating to Interest Rate Risk

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

As of June 30, 2018 and 2017, the District had the following investments:

	2018	2018	2017	2017
	Amount	Maturity Date 12 Months or Less	Amount	Maturity Date 12 Months or Less
LAIF	\$ 3,858,818	\$ 3,858,818	\$ 2,928,139	\$ 2,928,139
Held by Bond Trustee: Money Market Fund	118,974	118,974	118,031	118,031
Total	\$ 3,977,792	\$ 3,977,792	\$ 3,046,170	\$ 3,046,170

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

2) CASH AND TEMPORARY 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, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	2018 Amount	Minimum Legal Rating	Aaa	Not Rated	2017 Amount
LAIF	\$ 3,858,818	None	\$ -	\$ 3,858,818	\$ 2,928,139
Held by Bond Trustee: Money Market Fund	118,974	N/A	118,974	-	118,031
Total	<u>\$ 3,977,792</u>		<u>\$ 118,974</u>	<u>\$ 3,858,818</u>	<u>\$ 3,046,170</u>

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2018 and 2017, the District had no 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 government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, the District did not have any deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

2) CASH AND TEMPORARY INVESTMENTS - Continued

Fair Value of Investments

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

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each local government may invest up to \$65,000,000 in the Fund. Investments in LAIF are highly liquid assets and are secured by the full faith and credit of the State of California. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

3) ACCOUNTS RECEIVABLE - CUSTOMERS

Accounts receivable from customers consists of the following at June 30, 2018 and 2017:

	June 30, 2018	June 30, 2017
Customers - Water and Sewer	\$ 440,977	\$ 397,275
Ambulance Receivable	1,394,787	2,009,677
Allowance for Uncollectible Ambulance Charges	(964,791)	(1,558,274)
	\$ 870,973	\$ 848,678

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

4) OTHER RECEIVABLES

	Governmental Activities		Business-Type Activities	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Availability Charges	\$ 41,156	\$ 17,301	\$ 30,466	\$ 24,614
Brookings Mutual Water	-	-	160	320
Upstream Users	-	-	47,859	81,414
Total	\$ 41,156	\$ 17,301	\$ 78,485	\$ 106,348

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

5) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 414,676	\$ -	\$ -	\$ 414,676
Construction in Progress	-	93,372	-	93,372
Total Capital Assets Not Depreciated	414,676	93,372	-	508,048
Capital Assets, Being Depreciated:				
Structures and Improvements	427,461	2,973	-	430,434
Fire Trucks and Mounted Equipment	1,074,096	44,674	-	1,118,770
Special Purpose Equipment	280,482	113,523	22,698	371,307
Office Equipment	26,442	-	593	25,849
Shop and Station Equipment	11,255	-	-	11,255
Communication Equipment	11,108	-	-	11,108
Total Capital Assets Being Depreciated	1,830,844	161,170	23,291	1,968,723
Less Accumulated Depreciation:				
Structures and Improvements	(300,334)	(11,272)	-	(311,606)
Fire Trucks and Mounted Equipment	(793,911)	(55,456)	-	(849,367)
Special Purpose Equipment	(249,216)	(10,253)	(22,698)	(236,771)
Office Equipment	(6,899)	(4,001)	(593)	(10,307)
Shop and Station Equipment	(10,529)	(222)	-	(10,751)
Communication Equipment	(10,232)	(876)	-	(11,108)
Total Accumulated Depreciation	(1,371,121)	(82,080)	(23,291)	(1,429,910)
Total Capital Assets Being Depreciated, Net	459,723	79,090	-	538,813
Governmental Activities Capital Assets, Net	\$ 874,399	\$ 172,462	\$ -	\$ 1,046,861

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

5) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 1,014,656	\$ -	\$ -	\$ 1,014,656
Construction in Progress	503,733	154,991	617,445	41,279
Total Capital Assets Not Depreciated	1,518,389	154,991	617,445	1,055,935
Capital Assets, Being Depreciated:				
Water Plant and Facilities	11,132,482	35,547	2,682	11,165,347
Sewer Plant and Facilities	20,552,539	618,439	304,494	20,866,484
Furniture and Equipment	382,690	24,572	25,174	382,088
Trucks and Automobiles	1,591,713	1,486	173,282	1,419,917
Total Capital Assets Being Depreciated	33,659,424	680,044	505,632	33,833,836
Less Accumulated Depreciation:				
Water Plant and Facilities	(4,484,539)	(213,541)	(2,682)	(4,695,398)
Sewer Plant and Facilities	(8,747,396)	(500,795)	(167,519)	(9,080,672)
Furniture and Equipment	(302,389)	(68,146)	(25,174)	(345,361)
Trucks and Automobiles	(1,256,079)	(31,237)	(173,282)	(1,114,034)
Total Accumulated Depreciation	(14,790,403)	(813,719)	(368,657)	(15,235,465)
Total Capital Assets Being Depreciated, Net	18,869,021	(133,675)	136,975	18,598,371
Business-Type Activities				
Capital Assets, Net	\$ 20,387,410	\$ 21,316	\$ 754,420	\$ 19,654,306

For the fiscal year ended June 30, 2018, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Fire Protection	<u>\$ 82,079</u>
Business-type Activities:	
Water	\$ 241,771
Sewer Collection	229,966
Sewer Treatment	306,641
Ambulance	<u>35,341</u>
Total Business-type Activities	\$ 813,719

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

5) CAPITAL ASSETS - Continued

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 414,676	\$ -	\$ -	\$ 414,676
Total Capital Assets Not Depreciated	414,676	-	-	414,676
Capital Assets, Being Depreciated:				
Structures and Improvements	400,461	27,000	-	427,461
Fire Trucks and Mounted Equipment	1,074,096	-	-	1,074,096
Special Purpose Equipment	280,482	-	-	280,482
Office Equipment	7,133	19,309	-	26,442
Shop and Station Equipment	11,255	-	-	11,255
Communication Equipment	11,108	-	-	11,108
Total Capital Assets Being Depreciated	1,784,535	46,309	-	1,830,844
Less Accumulated Depreciation:				
Structures and Improvements	(289,268)	(11,066)	-	(300,334)
Fire Trucks and Mounted Equipment	(738,604)	(55,307)	-	(793,911)
Special Purpose Equipment	(237,094)	(12,122)	-	(249,216)
Office Equipment	(6,759)	(140)	-	(6,899)
Shop and Station Equipment	(10,142)	(387)	-	(10,529)
Communication Equipment	(8,730)	(1,502)	-	(10,232)
Total Accumulated Depreciation	(1,290,597)	(80,524)	-	(1,371,121)
Total Capital Assets Being Depreciated, Net	493,938	(34,215)	-	459,723
Governmental Activities Capital Assets, Net	\$ 908,614	\$ (34,215)	\$ -	\$ 874,399

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

5) CAPITAL ASSETS - Continued

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

For the fiscal year ended June 30, 2017, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Fire Protection	<u>\$ 80,524</u>
Business-type Activities:	
Water	\$ 208,942
Sewer Collection	160,324
Sewer Treatment	287,789
Ambulance	<u>41,880</u>
Total Business-type Activities	\$ 698,935

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

6) OTHER PAYABLES

Other payables consist of the following at June 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Grants Payable	\$ -	\$ -	\$ -	\$ -
Customer Deposits	-	-	26,489	27,598
Miscellaneous	-	-	48	48
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,537</u>	<u>\$ 27,646</u>

7) LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 90,843	\$ 198,000	\$ 169,869	\$ 118,974	\$ 23,795
Net Pension Liability	2,899,099	381,205	-	3,280,304	-
Total	<u>\$ 2,989,942</u>	<u>\$ 579,205</u>	<u>\$ 169,869</u>	<u>\$ 3,399,278</u>	<u>\$ 23,795</u>
Business-Type Activities					
Sewer Treatment, SWRCB					
Installment Payable, 2014	\$ 2,799,936	\$ 33,608	\$ 119,138	\$ 2,714,406	\$ 119,963
Water Supply, 2015					
Installment Payable, Ayers Ambulance, 2016	454,313	-	50,318	403,995	52,043
Installment Payable	28,477	-	6,753	21,724	6,992
Compensated Absences	307,649	234,070	181,012	360,707	72,142
Net Pension Liability	4,124,914	510,171	-	4,635,085	-
Total	<u>\$ 7,715,289</u>	<u>\$ 777,849</u>	<u>\$ 357,221</u>	<u>\$ 8,135,917</u>	<u>\$ 251,140</u>

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

7) LONG-TERM LIABILITIES - Continued

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

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

2014 SWRCB Installment Payable

The District entered into an installment sale agreement as of May 15, 2015, with the California State Water Resources Control Board (SWRCB), to finance improvements to certain sewer lift stations (project). The SWRCB agreed to provide project funds of up to \$2,800,000 plus accrued interest of \$33,544, of for a total amount loaned of \$2,833,544. The District will be required to repay amounts borrowed upon completion of the project. Installment payments will include principal and interest at 1.9% per annum. The term of the agreement is from September 8, 2014 to July 31, 2036.

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

7) LONG-TERM LIABILITIES - Continued

The following represents the future debt service requirements to maturity:

Year Ending June 30,	Principal	Interest
2019	\$ 119,963	\$ 51,574
2020	122,243	49,294
2021	124,565	46,972
2022	126,932	44,605
2023	129,344	42,193
2024	131,801	39,736
2025	134,305	37,232
2026	136,857	34,680
2027	139,457	32,080
2028	142,107	29,430
2029	144,807	26,730
2030	147,559	23,978
2031	150,362	21,175
2032	153,219	18,318
2033	156,130	15,407
2034	159,097	12,440
2035	162,119	9,417
2036	165,200	6,337
2037	168,339	3,198
Total	<u>\$ 2,714,406</u>	<u>\$ 544,796</u>

2015 Installment Payable

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

Year Ending June 30,	Principal	Interest
2019	\$ 52,043	\$ 13,297
2020	53,828	11,513
2021	55,674	9,667
2022	57,583	7,758
2023	59,557	5,784
2024	61,599	3,741
2025	63,711	1,629
Total	<u>\$ 403,995</u>	<u>\$ 53,389</u>

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

7) LONG-TERM LIABILITIES - Continued

2016 Ambulance Installment Payable

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

Year Ending June 30,	Principal	Interest
2019	\$ 6,992	\$ 700
2020	7,238	453
2021	7,494	197
Total	\$ 21,724	\$ 1,350

8) NO-COMMITMENT DEBT

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

The Bonds are limited obligations of the District payable solely from the installments of unpaid assessments levied on the assessment parcels within the District and other funds pledged under the fiscal agent agreement. The District shall only be obligated to pay the principal of the Bonds, or the interest thereon, from funds described in the Indenture and neither the faith and credit nor the taxing power of the District, the State of California or any of its political subdivisions is pledged to the payment of principal or the interest on the Bonds. Therefore none of the limited obligation improvement bonds have been included in the accompanying financial statements. As of June 30, 2018, and June 30, 2017, there were outstanding bonds of \$430,000 and \$605,000, respectively. The District in prior years received assessments for the payment of obligations for Assessment District No. 5, 7 and 9. The said obligations have been paid off; however, the District has a total of \$31,558 in excess assessments from the three Assessment Districts. These funds are being used to fund improvements and operations and maintenance in the three Assessment Districts, and are reported in the Agency Funds.

9) PENSION PLAN

General Information about the Defined Benefit Pension Plan

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

9) PENSION PLAN - Continued

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2016 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	8%	6.25%
Required employer contribution rates	11.675% + \$275,935	6.533% + \$114

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	3% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	9%	11.5%
Required employer contribution rates	19.723% + \$205,158	11.990% + \$198

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

9) PENSION PLAN - Continued

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$481,405 in fiscal year 2018.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 459,968	\$ 374,022

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,635,085
Safety	3,280,304
Total Net Pension Liability	\$ 7,915,389

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

	Miscellaneous	Safety
Proportion - June 30, 2016	0.11874%	0.05598%
Proportion - June 30, 2017	0.11758%	0.05490%
Change - Increase (Decrease)	-0.00116%	-0.00108%

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

9) PENSION PLAN - Continued

For the year ended June 30, 2018, the District recognized pension expense of \$1,507,257. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 833,990	\$ -
Differences between actual and expected experience	38,039	78,722
Changes in assumptions	1,087,646	83,161
Change in employer's proportion	225,681	-
Differences between the employer's contributions and the employer's proportionate share of contributions	181,306	-
Net differences between projected and actual earnings on plan investments	242,077	-
Total	\$ 2,608,739	\$ 161,883

\$833,990 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2019	\$ 559,009
2020	735,239
2021	461,444
2022	(142,826)
2023	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

9) PENSION PLAN - Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%

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

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

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

9) PENSION PLAN - Continued

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 6,635,653	\$ 4,868,437
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 4,635,085	\$ 3,280,304
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 2,978,178	\$ 1,982,085

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

Payable to the Pension Plan

At June 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Special District Risk Management Authority (Authority), a joint powers agreement authority. The Authority was created under the provisions of California Government Code Section 6500 *et. seq.*

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

The purpose of the Authority is to provide risk financing and risk management services by arranging and administering programs of insurance. The District is insured up to \$10,000,000 with a \$500 deductible per occurrence for property damage claims and \$1,000 per occurrence for property damage losses and up to \$5,000,000 for workers' compensation liability with no deductible. The District is also insured under the Authority for automobile, property, employment practices, employee

Running Springs Water District
Notes to Financial Statements
June 30, 2018 and 2017

10) RISK MANAGEMENT - Continued

dishonesty, public officials and employee liability, and various other claims with various coverage limits. Separate financial statements of Authority may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. There were no claims liabilities reported in these financial statements as of June 30, 2018 and 2017.

11) SALVAGE VALUES PERTAINING TO GRANT MONIES

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

12) LOSS CONTINGENCY

On January 1, 2010, Section 2 of Section 116875 of the Health and Safety Code of California became operative. The section modified the allowed content of lead in pipes and plumbing supplies in order to be considered "lead free." Management is in the process of evaluating the effects that this modified law will have on the District. The District has identified and removed obsolete inventory and there is the potential for additional inventory to be scrapped as obsolete. As of June 30, 2018, and June 30, 2017, the amount of the loss on the additional inventory cannot be reasonably estimated.

13) COMMITMENTS

At June 30, 2018, in the opinion of the District's management, there are no other outstanding matters which could have a significant effect on the financial position of the funds of the District.

14) TRANSFERS

The transfer of \$334,197 from the Sewer Treatment Fund to the Sewer Collection Fund in fiscal year 2017-18 was to properly allocate CIP and capacity reserves to the applicable funds. The transfer of \$243,599 from the Sewer Collection Fund to the Sewer Treatment Fund in fiscal year 2016-17 was to move cash balances to the correct fund.

REQUIRED SUPPLEMENTARY INFORMATION

**Running Springs Water District
Required Supplementary Information
June 30, 2018 and 2017**

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

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2017	0.07981%	\$ 7,915,389	\$ 2,560,653	309.12%	69.43%
2016	0.08117%	7,024,013	2,662,089	263.85%	69.63%
2015	0.08544%	5,864,364	2,439,595	240.38%	73.14%
2014	0.08361%	5,073,557	2,299,525	220.64%	69.63%

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

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%

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

**Running Springs Water District
Required Supplementary Information
June 30, 2018 and 2017**

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	\$ 833,990	\$ (833,990)	\$ -	\$ 2,560,653	32.57%
2017	785,370	(785,370)	-	2,662,089	29.50%
2016	709,356	(709,356)	-	2,439,565	29.08%
2015	666,615	(666,615)	-	2,299,525	28.99%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2015

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

Running Springs Water District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Governmental Fund - Fire Protection
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,550,000	\$ 1,550,000	\$ 1,603,236	\$ 53,236
Assessments - Fire Availability Charges	205,000	205,000	200,688	(4,312)
Hazard Abatement Program Revenue	15,000	15,000	14,161	(839)
Other Revenue	20,000	20,000	387,805	367,805
Investment Earnings	3,500	3,500	25,275	21,775
Intergovernmental Revenue	-	-	18,953	18,953
	<u>1,793,500</u>	<u>1,793,500</u>	<u>2,250,118</u>	<u>456,618</u>
Total Revenues				
EXPENDITURES				
Salaries and Benefits:				
Salaries and Wages	788,339	788,339	1,076,955	(288,616)
Payroll Taxes	11,431	11,431	15,543	(4,112)
Workers Comp Insurance	43,180	43,180	42,441	739
Group Insurance	96,955	96,955	94,595	2,360
CalPERS Retirement	438,991	438,991	432,077	6,914
Uniform Allowance	5,000	5,000	6,175	(1,175)
Services and Supplies:				
Education, Training & Seminars	8,500	8,500	7,284	1,216
Fuel & Oil	10,643	10,643	10,383	260
Hazard Abatement	8,000	8,000	8,000	-
Property/Liability Insurance	13,271	13,271	14,433	(1,162)
Memberships & Subscriptions	4,895	4,895	4,868	27
Office Supplies	5,032	5,032	4,814	218
Fees & Permits	6,833	6,833	8,270	(1,437)
Professional Services	34,700	34,700	34,847	(147)
Dispatching Services	40,000	40,000	41,371	(1,371)
General Station Maintenance	9,500	9,500	5,481	4,019
Safety clothing, supplies & equipment	26,500	26,500	15,736	10,764
Utilities - Electric, gas, phone, trash	21,576	21,576	20,519	1,057
Vehicle & equipment repair & maintenance	25,355	25,355	28,449	(3,094)
Administrative Expense	66,048	66,048	66,240	(192)
Capital Outlay	-	-	254,542	(254,542)
	<u>1,664,749</u>	<u>1,664,749</u>	<u>2,193,023</u>	<u>(528,274)</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>128,751</u>	<u>128,751</u>	<u>57,095</u>	<u>(71,656)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Insurance Claim	-	-	94,581	94,581
	<u>-</u>	<u>-</u>	<u>94,581</u>	<u>94,581</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	128,751	128,751	151,676	<u>\$ 22,925</u>
Fund Balance, Beginning of Year	<u>1,469,713</u>	<u>1,469,713</u>	<u>1,469,713</u>	
Fund Balance, End of Year	<u>\$ 1,598,464</u>	<u>\$ 1,598,464</u>	<u>\$ 1,621,389</u>	

Running Springs Water District
Notes to Required Supplementary Information
June 30, 2018 and 2017

BUDGETARY DATA

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

Total expenditures in the Governmental Fund – Fire Protection exceeded appropriations by \$528,274.

SUPPLEMENTARY INFORMATION

Running Springs Water District
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018 and 2017

	Improvement			Totals	
	Act of 1911	Bond Act of 1915		2018	2017
	Assessment District No. 9	Assessment District No. 7	Assessment District No. 10		
ASSETS					
Cash with Fiscal Agent	\$ -	\$ -	\$ 118,974	\$ 118,974	\$ 118,031
Temporary Investments	31,558	-	123,718	155,276	290,483
Total Assets	<u>\$ 31,558</u>	<u>\$ -</u>	<u>\$ 242,692</u>	<u>\$ 274,250</u>	<u>\$ 408,514</u>
LIABILITIES					
Accounts Payable	\$ 379	\$ -	\$ -	\$ 379	\$ 764
Due to Bondholders	31,179	-	242,692	273,871	407,750
Total Liabilities	<u>\$ 31,558</u>	<u>\$ -</u>	<u>\$ 242,692</u>	<u>\$ 274,250</u>	<u>\$ 408,514</u>

Running Springs Water District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District No. 9</u>				
ASSETS				
Temporary Investments	\$ 37,739	\$ -	\$ 6,181	\$ 31,558
Total Assets	\$ 37,739	\$ -	\$ 6,181	\$ 31,558
LIABILITIES				
Accounts Payable	\$ 577	\$ 5,983	\$ 6,181	\$ 379
Due to Bondholders	37,162	-	5,983	31,179
Total Liabilities	\$ 37,739	\$ 5,983	\$ 12,164	\$ 31,558

<u>Assessment District No. 7</u>				
ASSETS				
Temporary Investments	\$ 25,053	\$ -	\$ 25,053	\$ -
Total Assets	\$ 25,053	\$ -	\$ 25,053	\$ -
LIABILITIES				
Due to Bondholders	\$ 25,053	\$ -	\$ 25,053	\$ -
Total Liabilities	\$ 25,053	\$ -	\$ 25,053	\$ -

Continued

Running Springs Water District
Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds
Year Ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Assessment District No. 10</u>				
ASSETS				
Cash with Fiscal Agent	\$ 118,031	\$ 943	\$ -	\$ 118,974
Temporary Investments	227,691	121,909	225,882	123,718
Total Assets	<u>\$ 345,722</u>	<u>\$ 122,852</u>	<u>\$ 225,882</u>	<u>\$ 242,692</u>
LIABILITIES				
Due to Bondholders	\$ 345,535	\$ 122,852	\$ 225,695	\$ 242,692
Accounts Payable	187	14,939	15,126	-
Total Liabilities	<u>\$ 345,722</u>	<u>\$ 137,791</u>	<u>\$ 240,821</u>	<u>\$ 242,692</u>
 <u>Total All Agency Funds</u>				
ASSETS				
Cash with Fiscal Agent	\$ 118,031	\$ 943	\$ -	\$ 118,974
Temporary Investments	290,483	121,909	257,116	155,276
Total Assets	<u>\$ 408,514</u>	<u>\$ 122,852</u>	<u>\$ 257,116</u>	<u>\$ 274,250</u>
LIABILITIES				
Accounts Payable	\$ 764	\$ 20,922	\$ 21,307	\$ 379
Due to Bondholders	407,750	122,852	256,731	273,871
Total Liabilities	<u>\$ 408,514</u>	<u>\$ 143,774</u>	<u>\$ 278,038</u>	<u>\$ 274,250</u>

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018

TO: Board of Directors

FROM: Ryan Gross, General Manager

SUBJECT: **CONSIDER ADOPTING RESOLUTION NO. 20-18, A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF RUNNING SPRINGS WATER DISTRICT, REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS FOR REORGANIZATION AND FINDING THAT THE REQUESTED REORGANIZATION IS NOT A PROJECT AND, ALTERNATIVELY, EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

RECOMMENDATION

It is recommended that the Board of Directors consider adopting Resolution No. 20-18, requesting the Local Agency Formation Commission (“LAFCO”) to initiate proceedings for the Getaway House property to be detached from the County of San Bernardino County Fire Protection District and its Mountain Service Zone and annexed to the Running Springs Water District (“District”) (the “Action”) and find that the Action is not a “project” or, alternatively, is exempt from substantive review under the California Environmental Quality Act.

REASON FOR RECOMMENDATION

Annexation of the Getaway House property was a condition of the Temporary Outside Water and Sewer Service Agreement approved by the Running Springs Water District on August 28, 2018.

BACKGROUND INFORMATION

Staff recommends proceeding with the Action. The property owner has elected to maintain ownership of the existing onsite private sewer facilities.

CEQA COMPLIANCE

The District’s proposed Action would simply result in the re-organization and clarification of which agencies would continue providing water, sewer, and fire protection services to the Getaway House property in the future. However, no

development is proposed, and no increase in the use of the Getaway House property is proposed or anticipated as a result of the proposed Action. Accordingly, no direct or reasonably foreseeable indirect changes in environmental impacts related to the provision of water, sewer, or fire protection are reasonably foreseeable. Accordingly, Staff has determined that adoption of this Resolution and the approval of the Action is not a “project” under CEQA because no environmental impacts will result. However, to the extent the Action is found to be a CEQA project,” staff alternatively concludes that the Action is exempt from environmental review under the California Environmental Quality Act (“CEQA”) because it can be seen with certainty that no environmental impacts will result under State CEQA Guidelines § 15061(b)(3), and because the Action merely allows for the continued operation of an existing facility (Getaway House property) without any expansion in use under State CEQA Guidelines § 15301.

FISCAL INFORMATION

Annexation of the Getaway House property would shift property tax revenue to the District and is consistent with the intent of the 2018 Temporary Outside Water and Sewer Service Agreement. There would be an increase in water and sewer revenue. There would also be additional Fire Availability Charge revenue to the Fire Department.

ATTACHMENTS

Attachment 1 – Resolution No. 20-18

RESOLUTION NO. 20-18**A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF RUNNING SPRINGS WATER DISTRICT, REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS FOR REORGANIZATION AND FINDING THAT THE REQUESTED REORGANIZATION IS NOT A PROJECT AND, ALTERNATIVELY, EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

WHEREAS, the Board of Directors of Running Springs Water District (“District”) proposes a reorganization pursuant to Part 3 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 for reorganization; and

WHEREAS, the proposal includes annexation of territory to the Running Springs Water District and detachment from the San Bernardino County Fire Protection District and its Mountain Service Zone (the “Action”); and

WHEREAS, descriptions and maps of the area proposed to be reorganized are included in Exhibits “A” and “B” attached hereto and by this reference incorporated herein; and

WHEREAS, the proposed Action would simply re-organize and clarify which agencies are responsible for providing water, sewer and fire protection services to the Getaway House property, but do not proposed any new development or any increase in the use of Getaway House property; and

WHEREAS, Running Springs Water District desires that the proposed reorganization be subject to the standard terms and conditions imposed by the Local Agency Formation Commission; and

WHEREAS, the reason for the proposed annexation is to continue to provide water, sewer and fire protection services to the existing operations at Getaway House property; and

WHEREAS, the District requests that the proceedings be taken for the proposal pursuant to Part 3 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 for reorganization; and

WHEREAS, the proposed reorganization is consistent with the sphere of influence assigned the Running Springs Water District.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Running Springs Water District as follows:

Section 1. Findings under the California Environmental Quality Act (“CEQA”) (Pub. Res. Code §§ 21000 et seq.; 14 Cal. Code Regs. §§ 15000 et seq.). The Board of Directors hereby determines that adoption of this Resolution and the approval of the Action is not a “project” under CEQA because no environmental impacts will result. However, to the extent the Action is found to be a CEQA project,” the Board alternatively determines that the Action is

exempt from environmental review under CEQA because it can be seen with certainty that no environmental impacts will result under State CEQA Guidelines § 15061(b)(3), and because the Action merely allows for the continued operation of an existing facility (Getaway House property) without any expansion in use under State CEQA Guidelines § 15301 (the “Existing Facilities” exemption). The Board further finds that none of the “exceptions” to the application of the Existing Facilities under State CEQA Guidelines 15300.2 exist because there are no unusual circumstances present, no sensitive resources will be impacted by the Action, no cumulative impacts or other significant effects are foreseeable from the Action, the Action will not impact visual resources within a scenic highway or historic resources, and because the Action does not involve hazardous waste sites.

Section 2. This Resolution of Application is hereby adopted and approved by the Running Springs Water District Board of Directors and the Local Agency Formation Commission for San Bernardino County is hereby requested to take proceedings for the annexation of territory as described above, according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Section 3. Running Springs Water District acknowledges and agrees to the Local Agency Formation Commission for San Bernardino County’s requirement for imposing legal indemnification as outlined in Policy 3 of Chapter 2 of the Accounting and Financial Section of its Policy and Procedure Manual.

Section 4. The General Manager is hereby directed and authorized on behalf of the District to finalize and submit a petition, including but not limited the reorganization application to include annexation, detachment and reorganization which includes the preparation and certifying of the Plan for Service and Fiscal Impact Analysis, copies of which are on file in the District office and any and all other necessary and required documents to the San Bernardino County Local Agency Formation Commission initiating the Reorganization as set forth in this Resolution, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Section 5. That the Secretary to the Running Springs Water District Board of Directors shall certify to the passage and adoption of this resolution and is hereby authorized and directed to file, or cause to be filed, a certified copy of this Resolution with the Executive Officer of the Local Agency Formation Commission for San Bernardino County.

Section 6. The General Manager shall be the custodian of record for all documents relating to the adoption of this Resolution, which may be reviewed by the public at the District's offices located at 31242 Hilltop Boulevard, Running Springs, CA 92382.

ADOPTED this 14th day of November 2018.

Ayes:
Noes:
Abstentions:
Absent:

ATTEST:

President, Board of Directors
Running Springs Water District

Secretary of the Board of Directors
Running Springs Water District

THIS MAP IS FOR THE PURPOSE
OF AD VALOREM TAXATION ONLY.

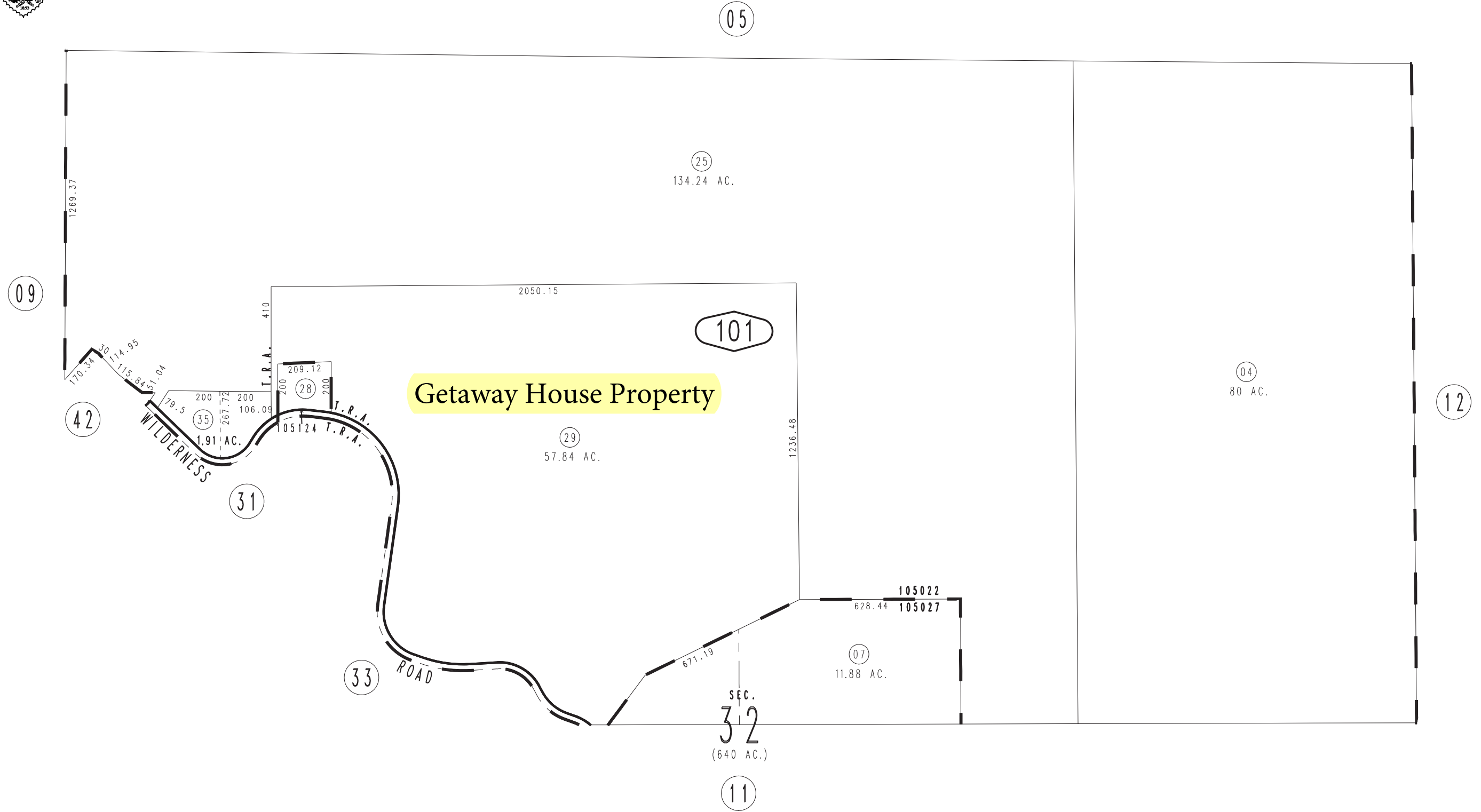
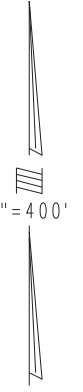
N.1/2 Sec.32, T.2N.,R.2W., S.B.B.&M.

Rim of The World Unified
Tax Rate Area
105022,105027,105124

0328-10



EXHIBIT "A"



Legal Description of the Land

That certain real property situated in the unincorporated area of the County of San Bernardino, State of California, and is described as follows:

PARCEL 5 AS SHOWN ON LOT LINE ADJUSTMENT NO. M313-18 AS EVIDENCED BY A CERTIFICATE OF COMPLIANCE NO. M0100-98 RECORDED AUGUST 11, 1998 AS INSTRUMENT NO. 1998-0319430 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE NORTH ½ OF SECTION 32, TOWNSHIP 2 NORTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF PARCEL NO. 1 AS CONVEYED TO THE COUNTY OF SAN BERNARDINO BY DEED RECORDED FEBRUARY 23, 1954, IN BOOK 3333, PAGE 179 OF OFFICIAL RECORDS, AND THE NORTHEASTERLY LINE OF WILDERNESS ROAD, AS SHOWN ON SHEET 6 OF TRACT NO 5090, AS PER MAP RECORDED IN BOOK 80 PAGES 92 TO 100, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID WILDERNESS ROAD THE FOLLOWING FOUR COURSES, SOUTH 45° 22' 25" EAST, A DISTANCE OF 212.61 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY THROUGH A CENTRAL ANGLE OF 102° 19' 30" AN ARC DISTANCE OF 225.24 FEET, THENCE NORTH 32° 18' 05" EAST, A DISTANCE OF 28.91 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 225.00 FEET; THENCE NORTHEASTERLY THROUGH A CENTRAL ANGLE OF 25° 55' 02", AN ARC DISTANCE OF 100.47 FEET TO THE TRUE POINT OF BEGINNING (SAID POINT BEARS S29° 52' 50" EAST, 1648.51 FROM THE NW CORNER OF SECTION 32); THENCE NORTH, A DISTANCE OF 516.09 FEET; THENCE EAST, A DISTANCE OF 2050.15 FEET; THENCE SOUTH, A DISTANCE OF 1256.48 FEET TO THE NORTH LINE OF CLUB WILDERNESS CAMP, SAID POINT BEING THE WEST END OF THE MOST NORTHERLY LINE OF PARCEL AS DESCRIBED ON DEED RECORDED IN BOOK 7107, PAGE 248 OF OFFICIAL RECORDS; THENCE SOUTHWEST ALONG THE NORTHERLY LINE OF SAID WILDERNESS CAMP TO NORTHERLY LINE OF WILDERNESS ROAD; THENCE NORTH WESTERLY ALONG NORTH EASTERLY LINE OF SAID ROAD TO THE POINT OF BEGINNING.

SAVING AND EXCEPTING PARCEL DESCRIBED AS FOLLOWS:

COMMENCING AT THE SAID POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF SAID PARCEL NO. 1, THENCE ALONG SAID WILDERNESS ROAD THE FOLLOWING FOUR COURSES, SOUTH 45° 22' 25" EAST, A DISTANCE OF 272.81 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTH AND HAVING A RADIUS OF 125.00 FEET; THENCE NORTHEASTERLY THROUGH A CENTRAL ANGLE OF 102° 19' 30" AND ARC DISTANCE OF 225.24 FEET; THENCE NORTH 32° 18' 05" EAST, A DISTANCE OF 28.91 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 225.00 FEET; THENCE NORTHEASTERLY THROUGH A CENTRAL ANGLE OF 36° 58' 55" AN ARC DISTANCE OF 145.21 FEET TO THE TRUE POINT OF BEGINNING, THENCE NORTH, A DISTANCE OF 200.00 FEET; THENCE EAST, A DISTANCE OF 208.52 FEET; THENCE SOUTH, A DISTANCE OF 202.15 FEET TO A POINT ON A CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 325.00 FEET; THENCE NORTHWESTERLY THROUGH A CENTRAL ANGLE OF 7° 05' 06", AN ARC DISTANCE OF 40.00 FEET; THENCE NORTH 82° 56' 55" WEST, A DISTANCE OF 62.26 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTH

AND HAVING A RADIUS OF 225.00 FEET, THENCE WESTERLY THROUGH A CENTRAL ANGLE OF 27° 46' 25" AN ARC DISTANCE OF 109.07 FEET TO THE TRUE POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING THAT PORTION THEREOF LYING WITHIN THE FOLLOWING DESCRIBED PARCEL 1 OF Property PER BOOK 7107, PAGE 248 OF OFFICIAL RECORDS (CLUB WILDERNESS CAMP) DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH BEARS SOUTH 79° 47' 21" EAST, 2068.43 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 32, SAID POINT OF BEGINNING ALSO BEARS SOUTH 65° 52' 58" WEST, 59.80 FEET FROM THE ¾ INCH PIPE NUMBER 24 AS SHOWN ON SAN BERNARDINO COUNTY SURVEYORS MAP NUMBER 6565 OF THE ROAD TO RUNNING SPRINGS DUMP AND BORROW PIT, DATED DECEMBER 1955, SAID MAP ALSO BEING THE BASIS OF BEARINGS FOR THIS DESCRIPTION, AND FROM SAID POINT OF BEGINNING THENCE ON A CURVE, CONCAVE WESTERLY HAVING A RADIUS OF 183.00 FEET THROUGH A CENTRAL ANGLE OF 121° 35' 11", AN ARC DISTANCE OF 39259 FEET; THENCE NORTH 36° 52' 38" EAST, 286.83 FEET; THENCE NORTH 64° 07' 10" EAST 671.19 FEET; THENCE DUE EAST, 628.44 FEET; THENCE DUE SOUTH 839.57 FEET; THENCE DUE WEST, 1465.37 FEET TO THE POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING ANY PORTION LYING WITHIN COUNTY ROAD KNOWN AS WILDERNESS ROAD AND LYING WEST OF WILDERNESS ROAD.

APN: 0328-101-29-0-000

Legal Description of the Land

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PARCEL 5 AS SHOWN ON LOT LINE ADJUSTMENT NO. M313-18 AS EVIDENCED BY A CERTIFICATE OF COMPLIANCE NO. M0100-98 RECORDED AUGUST 11, 1998 AS INSTRUMENT NO. 1998-0319430 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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APN: 0328-101-29-0-000

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: CONSIDER CUSTOMER OPT-OUT POLICY FOR AUTOMATIC METER READING (AMR) TECHNOLOGY UPGRADE PROJECT

RECOMMENDED BOARD ACTION

Consider a Customer Opt-Out Policy for the District's AMR Project.

REASON FOR RECOMMENDATION

The District has received the attached letter from a concerned customer regarding AMR technology.

BACKGROUND INFORMATION

Attachment 1 is a letter dated July 3, 2018 received from a concerned customer regarding AMR technology. The letter was also published in the Mountain Newspaper.

Attachment 2 is an article from the American Cancer Society regarding Smart Meters.

Attachments 3 and 4 are articles from Water Online and Black & Veatch regarding Smart Meters.

Attachment 5 is the information that Running Springs Water District has been providing to any concerned customer. This staff report and attachments will also be provided going forward.

Attachments 6 and 7 are examples of two opt-out applications.

FISCAL INFORMATION

If an opt-out policy is implemented the District would need to recover all costs through an opt-out fee.

ATTACHMENTS

Attachment 1 – July 3, 2018 Customer Letter
Attachment 2 – American Cancer Society Article

Attachment 3 – Water Online Article

Attachment 4 – Black & Veatch Article

Attachment 5 – RSWD & Zenner AMR Information

Attachment 6 – AMR Opt-Out Application Example 1

Attachment 7 – AMR Opt-Out Application Example 2

July 3, 2018

Dear Running Springs Water District:

Your AMR smart meter handout literature (1) (attached) is a not accurate.

Reading through the handout I noticed that the document references information elsewhere in it, but that information is missing. The document speaks about the "AMI" team which it does not define and no specific sources are given only a general statement and organization names. This indicates to me that the handout was thrown together without much thought. The handout is outdated and does not reference recent government and independent scientific studies on RF radiation exposures. Microwave/cell phone emission (RF radiation) studies have recently been concluded by the U.S. National Toxicology Program (2) and the Italian Ramazzini (3) study both linking cell phone radiation to heart and brain tumors as well as a host of other conditions.

If this handout is what sold the District on wireless meters, you have been lied to and I'm sure taken advantage of.

I as well as everyone who gets their water from the Running Springs Water District literally trust our lives with your knowledge, your skill, your thoroughness and mostly your integrity. To see something big like these wireless meters being introduced quietly without any fanfare, a completely outdated and inaccurate customer information brochure, and no hint of an "opt-out" feature is shameful and dishonest.

It is my hope that the people who live in these mountains will wake up and see all the old and the new un-tested wireless devices that we are being exposed to. Current industries are using the same tactics tobacco used when telling us that cigarettes are not harmful. What will happen to our children when they cram 5th Generation wireless down our throats?

I encourage Running Springs Water District Customers to strongly consider "opting out" of smart water meters requesting to keep the analog meter. It is our right to protect ourselves when others that we have relied on in the past have failed us.

Sincerely,

Paul Bender
Running Springs

Ref.

- (1) Comments on the Draft Report by the California Council on Science (CCST) and Technology "Health Impacts of Radio Frequency from Smart Meters" by Daniel Hirsch, 31 January 2011
<https://www.scribd.com/doc/99702245/Daniel-Hirsch-Report>

(2) U.S. National Toxicology Program: A. https://ntp.niehs.nih.gov/ntp/about_ntp/trpanel/2018/march/tr595peerdraft.pdf

B. https://ntp.niehs.nih.gov/ntp/about_ntp/trpanel/2018/march/tr596peerdraft.pdf

C. NTP Study on Cell Phones and Cancer 2018: <https://mdsafetech.org/ntp-study-2016/>

D. Scientific panel advises there is evidence for an association between both heart and brain cancers and cell phone radiation in large-scale animal study.

<https://ehtrust.org/clear-evidence-of-cancer-concludes-the-expert-panel-to-the-us-national-toxicology-program-on-cell-phone-radiation-study-findings/>

(3) Ramazzini Study On Radiofrequency Cell Phone Radiation: The World's Largest Animal Study On Cell Tower Radiation Confirms Cancer Link.

A. <https://www.sciencedirect.com/science/article/pii/S0013935118300367?via%3Dihub>

B. <https://ehtrust.org/worlds-largest-animal-study-on-cell-tower-radiation-confirms-cancer-link/>

=====END=====



Smart Meters

What are smart meters?

To use (and be billed for) utilities such as electricity, natural gas, or water, the amount you use must be measured. This is generally done with a meter. In the past, the data from the meters had to be read by a person. More recently, meters that automatically send usage information back to the product supplier have been used. These are called smart meters.

Smart meters have been used for a number of years in some developed countries, especially in parts of Europe. In recent years, they have been installed in some areas of the United States as well.

Concerns have been raised about the safety of smart meters, mainly because they give off the same kinds of radiofrequency (RF) waves as cell phones and Wi-Fi devices.

How do smart meters work?

Smart meters record the amount of the product (electricity, water, etc.) consumed over time. They differ from traditional utility meters in that they are electronic and can talk to a central computer system.

Smart meters talk to their central systems using RF transmissions, based on a cell phone, pager, satellite, radio, power line (PLC), Wi-Fi or Internet (TCP/IP) communication method. Internet and cell phone applications have become the preferred options because of their flexibility and ease of deployment.

How are people exposed?

Smart meters are typically installed outside the home, either in place of or as part of existing meters. How much RF energy that people are exposed to from the smart meter depends on how far they are from the smart meter antenna and how the smart meter sends its signal. The frequency and power of the RF waves given off by a smart meter are similar to that of a typical cell phone, cordless phone, or residential Wi-Fi router. Smart meters typically send and receive short messages about 1% of the time.

Because the smart meter antenna usually is located outside the home, people are much farther away from the source of RF waves than some other possible sources of exposure to RF radiation, such as personal cell phones and cordless phones. In addition, walls between the person and the smart meter's antenna further reduce the amount of RF energy exposure. This means that the amount of RF radiation that someone would be exposed to from a smart meter is probably much lower than the amount that they would be exposed to from other sources.

Can smart meters cause cancer?

Smart meters give off RF radiation. RF radiation is low-energy radiation. RF radiation doesn't have enough energy to remove charged particles such as electrons (ionize), and so is called non-ionizing radiation. Non-ionizing radiation has enough energy to move atoms in a molecule around or cause them to vibrate, which can lead to heat but it can't damage DNA directly.

RF radiation is classified by the International Agency for Research on Cancer (IARC), as "possibly carcinogenic to humans." This is based on the finding of a possible link in at least one study between cell phone use and a specific type of brain tumor. Because RF radiation is a possible carcinogen, and smart meters give off RF radiation, it is possible that smart meters could increase cancer risk. Still, it isn't clear what risk, if any there might be from living in a home with a smart meter.

It would be nearly impossible to conduct a study to prove or disprove a link between living in a house with smart meters and cancer because people have so many sources of exposure to RF and the level of exposure from this source is so small. Because, the amount of RF radiation you could be exposed to from a smart meter is much less than what you could be exposed to from a cell phone, it is very unlikely that living in a house with a smart meter increases risk of cancer. The World Health Organization has promised to conduct a formal assessment of the risks from RF exposure but this report is not yet available.

See *Microwaves, Radio Waves, and Other Types of Radiofrequency Radiation* (</cancer/cancer-causes/radiation-exposure/radiofrequency-radiation.html>) and *Cellular Phones* (</cancer/cancer-causes/radiation-exposure/cellular-phones.html>) for more information about the link between RF radiation and cancer risk.

Do smart meters cause any other health problems?

Smart meters have not been studied to see if they cause health problems. Studies have looked at RF radiation from other sources. Exposure to large amounts of RF radiation, as from accidents involving radar, has resulted in severe burns. No other serious health problems have been reported.

One concern expressed is that the RF waves produced by smart meters might interfere with electronic medical devices such as a heart pacemaker. A study that examined the effect of smart meters on pacemakers and implantable defibrillators found that the smart meters did not interfere with these devices.

Could smart meters cause health problems in cancer survivors?

While RF exposure might not cause cancer directly, concern has been voiced that cells in the body that have been damaged by exposure to some other substance might somehow be more likely to become cancerous when exposed to RF waves. In theory, this might be a concern for cancer patients being treated with ionizing radiation and/or medicines that might cause cancer themselves. Animal studies have not shown evidence of this and this effect has not been studied in people.

How can I reduce my exposure to RF radiation from smart meters?

There isn't much you can do to lower your exposure to RF radiation from smart meters. In some places where smart meters are being installed, people have the choice to opt in or opt out of having them, but this isn't an option everywhere.

It may be possible to lower exposure from cell phones and other sources of RF radiation. See *Microwaves, Radio Waves, and Other Types of Radiofrequency Radiation* (</cancer/cancer-causes/radiation-exposure/radiofrequency-radiation.html>) and *Cellular Phones* (</cancer/cancer-causes/radiation-exposure/cellular-phones.html>).

Because the low levels of energy from RF radiation have not been clearly shown to cause problems even at close range, it isn't clear that lowering exposure to RF radiation has health benefits.



From The Editor | November 13, 2013

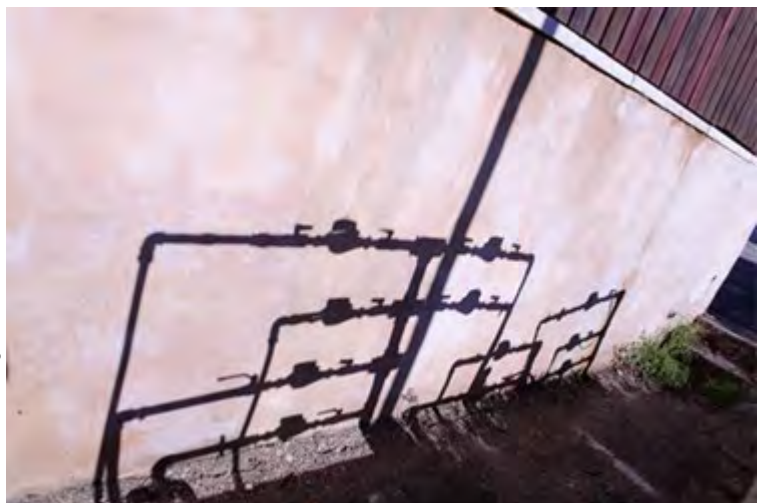
Are Smart Meters Hazardous To Public Health?



By Kevin Westerling
@KevinOnWater

The correct answer seems to be that smart meters are safe, but the question itself could prove problematic for utilities.

Two things are very clear about smart water infrastructure: the tremendous savings potential for utilities (up to \$12.5 billion a year, worldwide) and the fast-paced level of adoption (market growth from \$2.3 billion in 2011 to \$20 billion in 2020). The bright-looking future could get cloudy, however, if the anti-smart meter movement has its way. This relatively small but vocal contingent of protesters claims that the radiation emitted from smart meters — installed outside homes to record water usage — can bring about everything from headaches to cancer. If such fears take hold, it could inhibit the growth of the burgeoning advanced metering infrastructure (AMI) network.



A case in point comes from Saskatchewan, Canada, where earlier this month it was reported that Canadians 4 Safe Technology (C4ST) is attempting to stall the installation of 500,000 smart meters and 450 radio towers planned for the province by 2015. Though this instance relates to electric meters, the technology and related health concern is the same for smart water meters: data is transmitted via radio frequency (RF) waves, thereby emitting low-level environmental radiation. C4ST's CEO, Frank Clegg, argues that this radiation affects everyone differently, and that hypersensitivity to electromagnetic field (EMF) exposure can bring on memory loss, dizziness, fatigue, and altered heart rates. The claims remain unproven, but Clegg may garner a certain amount of credibility as the former president of Microsoft Canada.

Some individuals and groups, however, are decidedly more extreme (and less credible) with their claims. StopSmartMeters.org, through its collection of articles and links, not only ramps up the health concern to cancer, but warns that smart meters are a method of government surveillance. The organization also offers guidance on how to halt installations by municipalities or “opt out” on an individual basis. Perhaps the website has faithful readers in Baraboo, WI, where some residents who refused to allow smart water meters in their homes had their water supply cut off by the city in July.

Even if customers such as these are off base with their concerns, the action of refusing smart meters, as well as the municipality’s response, could open up an unwanted can of worms regarding privacy rights.

Real Risk Vs. Perceived Risk

Without dismissing all health-risk concerns entirely, at this juncture I tend to side with the preponderance of evidence gathered in scientific studies. Oh, and also with the American Cancer Society. Both suggest that the health risk associated with smart meters is slim to none.

The Public Utility Commission of Texas (PUCT), in response to citizens’ concerns, created a report based on its review of thousands of scientific research papers. PUCT concluded that “Decades of scientific research have not provided any proven or unambiguous biological effects from exposure to low-level radio frequency signals.”

Adds the American Cancer Society, specifically speaking on smart meters: “The actual risk of harm, if it exists, is likely to be extremely low.”

The World Health Organization’s International Agency for Research on Cancer (IARC) has classified RF radiation as “possibly carcinogenic to humans,” but it has never assessed smart meters in particular. Unfortunately, the quote has become hijacked as a main talking point for opposition groups. In truth, the IARC is merely considering the validity of studies linking *cell phone use* to tumors. Cell phones and smart meters do operate in the same frequency band (see the chart below), but the RF radiation given off by smart meters is diluted by distance and physical objects. You (hopefully) don’t see people holding smart meters up to their heads as they do with cell phones.

Frequency Range	Top End of Frequency Range (in Hz)	Designation or Abbreviation	Primary Use
Radio. Non-ionizing radiation.			
3 – 30 Hz	30	ELF	Submarine communications
30 – 300 Hz	300	SLF	Not commonly used; electrical power is in this range
300 – 3000 Hz	3,000	ULF	Military communications
3 – 30 kHz	30,000	VLF	Submarine communication
30 – 300 kHz	300,000	LF	Military, AM radio
300 kHz – 3 MHz	3 million	MF	AM radio, shortwave radio
3 – 30 MHz	30 million	HF	Amateur radio, CB radio, aviation radio
30 – 300 MHz	300 million	VHF	VHF TV, FM radio, amateur radio
300 MHz – 3 GHz	3 billion	UHF “microwave”	UHF TV, land-based mobile radio, cell phones, smart meters
3 – 30 GHz	30 billion	SHF “microwave”	WLAN, radars, industrial devices
30 – 300 GHz	300 billion	EHF “microwave”	Short range data transmission
Light. Non-ionizing radiation.			
300 GHz – 400 THz	400 trillion	Infrared (IR)	TV remote controls, heat lamps
400 THz – 770 THz	770 trillion	Visible (“light”)	Illumination
Ionizing radiation.			
750 THz – 30 PHz	30 quadrillion	Ultraviolet (UV)	Tanning beds, medical, industrial applications
30 PHz – 30 EHz	30 quintillion	X-Ray	Medicine, scientific, and industrial uses
more than 15 EHz	> 15 quintillion	Gamma ray	Medicine, scientific, and industrial uses

Types of radiation and their frequency ranges (Credit: Public Utility Commission of Texas)

Just like cell phones, radios, and over-the-air TVs, smart meters emit non-ionizing radiation, which is characterized by its inability to disrupt cell structures. This is notable because the word “radiation” conjures images of nuclear disasters or cancer therapy — forms of ionizing radiation that can disrupt cell structures.

Moving Forward With Smart Meters

Casting the fears aside, the benefits of smart meters and AMI are well documented for both the water utility and the customer. For utilities, the list includes O&M (meter reading) savings, accurate billing, customer engagement and satisfaction, and the reduction of non-revenue water. Customers can benefit from access to information on usage and cost, enabling them to modify behavior and take advantage of real-time (off-peak) pricing, as well as detect potentially expensive leaks.

Most homeowners seem quite happy with their smart meters, which is evidenced by the relatively small number of complaints and opt-outs as meters get installed by the thousands. The opposition of even a small minority can be powerful, however, since fear is a very powerful emotion. As AMI continues to become more widespread, you can be assured that the voices of dissent will grow louder, more plentiful, and more organized. The real danger, then, is not the smart meters themselves, but what people say about them.

The Opt-Out Challenge

By Jeff Evans, Executive Consultant, Black & Veatch

Published in the March/April 2012 issue of Electric Light & Power

Consumers have been realizing the benefits of Automatic Meter Reading (AMR) and Advanced Metering Infrastructure (AMI) systems for nearly two decades. Conservative industry estimates place the number of enabled meters currently installed in the United States at greater than 50 million. Yet, for all of the history associated with AMR and AMI, today utilities are encountering significant resistance to AMI and smart meter projects. This resistance has caught the ear of regulators who are requiring smart meter opt-out provisions.

Consumer resistance centers on issues related to safety, security, and/or privacy concerns and affects utilities planning and those who have already deployed their smart meter programs. Significant research and studies clearly document that smart meter RF transmissions present no harm to health or the environment, yet this is a key concern voiced by consumers. Utilities are implementing physical and cyber security programs to combat the threat of nefarious actions against the smart grid. Utility privacy policies - backed by state laws and regulatory orders - mandate that utilities protect customer privacy. So why are some customers fighting the smart grid so vigorously?

This article outlines the rise of customer resistance to smart meter programs, current and proposed opt-out provisions, the impact of opt-out provisions and proactive measures utilities can take to reduce challenges associated with smart meter opt-out programs.

RISE OF CONSUMER RESISTANCE

In the past, deployments of AMR were completed with little publicity. Consumers were often not aware that an RF transmitting meter had been installed at their house. Today, utilities are enabling and encouraging consumers to take ownership of their usage. Smart meters have become more top of mind because utilities recognize the benefits of implementing smart metering systems -from improving customer satisfaction and enabling operational efficiency, to reducing the cost of energy, to improving energy efficiency. Communicating these benefits to consumers has increased awareness of smart meter implementations.

The influx of smart grid/meter deployments is also raising awareness with consumers. The American Reinvestment and Recovery Act (ARRA) made \$3.4 billion available to utilities for smart meter implementation. However, the funding provided by ARRA only covered a portion of a particular utility's program and utilities are seeking recovery of the non-reimbursed portion of smart meters costs through rate cases with their respective regulators. This has resulted in wide spread perception that smart grid equals higher rates, overshadowing the long-term benefits the infrastructure will provide.

Smart grid infrastructure is not well understood outside of the industry. A lack of consumer knowledge has created tremendous opportunities for a small, yet powerful, contingent to spread misconception and fear. The advent of social media has made it easier for individuals to advocate beliefs to the

masses. While messages are not always substantiated by fact, publication provides credence. This is especially demonstrated in growing public concern in the areas of public health and privacy related to smart grid deployments

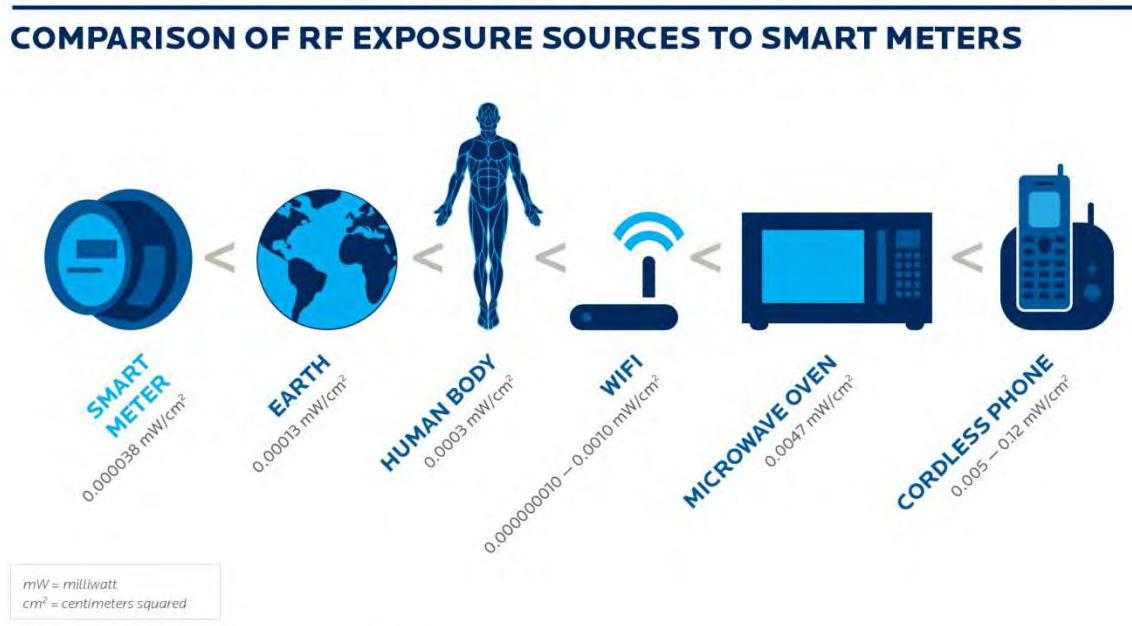
Chief among public health concerns is the belief that RF emissions from wireless smart meter implementations are harmful to human health. This concern is scientifically unfounded and has been addressed by independent analyses and publications (see Table 1).

Table 1

SPONSOR	TITLE/ PUBLICATION DATE
California Council on Science and Technology	Health Impacts of Radio Frequency from Smart Meters (January 2011)
The Economist, Technology Quarterly	Worrying about Wireless (Q3 2011 issue)
Maine Center for Disease Control and Prevention	Executive Summary of Review of Health Issues Related to Smart Meters (November 8, 2010)
Monterey County Health Department	Review of Health Issues Related to Smart Meters (March 2011)
City of Naperville, Naperville Smart Grid Initiative	Smart Meters, Household Equipment, and the General Environment (Pilot 2 RF Emissions Testing - Summary Report v2.0; November 10, 2011)

The magnitude of and permissible exposures associated with RF emissions are limited by the Federal Communications Commission (FCC). FCC limits are based on scientific study and fact. Actual RF emissions from smart meter implementations which have been studied are within permissible exposure levels. In fact, RF emissions from smart meter systems are significantly less than those from common devices such as cordless phones, microwave ovens and the natural RF emissions from the planet Earth. Smart meter RF emissions are even less than what you are exposed to from an individual standing next to you (see Figure 1).

Figure 1



1. Values calculated per 47CFR11.1310 for a typical usage scenario
2. Value for the smart meter exposure is for the exterior of the building and is based on the total exposure from electrical smart meter, gas smart meter, and ZigBee module (without the customer-optional HAN network). Interior exposures would be lower.

Derived from Public Utilities Commission of Nevada Docket No 11-10007, NV Energy filing submitted 12/2/2011

As seen in several utility commission proceedings, protection of personal information from cyber threat or from being sold to a third-party is also a primary concern for consumers. Customers want assurance that data provided to utilities will be protected from cyber threats and won't be provided to a third party without their consent.

Utilities already have privacy policies in place that establish methods for the handling and protection of personal customer data. Such policies also protect the interval usage information collected from a meter and require permission from a customer before releasing usage data to a third party. Many of these policies are mandated via statute or edict by the responsible oversight agencies and apply to smart meter systems.

Customer privacy is further protected based on the scope of data collected at the premise. Smart meters measure whole-house usage information that occurs over time. They do not measure consumption patterns of specific appliances within the home. Without specific, detailed information about customer appliances and customer habits, utilities are not capable of deciphering whole-house usage into individual appliance profiles.

Some utility smart meter programs enable Home Area Networks (HAN). A HAN allows consumers to monitor and control usage within their home and is evolving to include the ability to control appliances such as refrigerators and washer/dryers. This evolution drives further consumer concern about communication of information about personal habits. Utility privacy policies are intended to prohibit capture of HAN data without the permission of the customer.

REGULATORS REACT

As a result of growing consumer concerns, there is a growing surge of state and local agencies requiring utilities to offer opt-out options to customers who refuse to receive AMI meters. Table 2 highlights current state regulatory activity and resulting utility opt-out programs.

Table 2

STATE COMMISSION	REGULATORY ACTIVITY AND UTILITY OPT-OUT PROGRAMS
Maine Public Utilities Commission	<ul style="list-style-type: none"> ■ MPUC requires state’s utilities to implement opt-out programs. ■ Central Maine Power (www.cmpco.com) provides two opt out options (1) installation of an electro-mechanical meter for a one-time charge of \$40 and an ongoing monthly fee of \$12, (2) installation of a smart meter with the internal communications module in non-transmit mode for a one-time charge of \$20 and a monthly fee of \$10.50.
Oregon Public Utility Commission	<ul style="list-style-type: none"> ■ Oregon PUC requires state’s utilities to implement opt-out programs. ■ Portland General Electric provides one opt-out option that allows for the installation of a non-network-based meter for a one-time cost of \$254 and a monthly charge of \$51.
California Public Utilities Commission	<ul style="list-style-type: none"> ■ CPUC has ordered the initiation of a postponement list. Customers who request that a smart meter not be installed are added to this list. ■ On 2/1/2012, the CPUC ordered Pacific Gas & Electric to implement an analog meter opt-out option (application 11-03-014). The CPUC order includes a one-time charge of \$75 and a monthly fee of \$10.
Public Utilities Commission of Nevada	<ul style="list-style-type: none"> ■ PUCN opened a docket considering the implementation of four opt-out alternatives: analog meter, non-AMI digital meter, radio-off AMI meter, and reduced communications AMI meter. ■ NV Energy filed its cost proposal for each option – with one-time costs ranging from \$110 to \$280 and monthly charges ranging from \$0.90 to \$13.30. (Investigation Regarding NV Energy’s Advanced Service Delivery Program aka Smart Meter and its Implementation, 12/28/2011, Docket 11-10007) ■ The PUCN conducted a workshop on January 18, 2012 to discuss the opt-out options and is expected to rule in the near future. ■ NV Energy has also implemented a postponement list.
Other States	<ul style="list-style-type: none"> ■ Michigan Public Service Commission opened case no. U-17000 in January 2012 requiring the investigation of, among other things, opt-out options. ■ Regulators in Vermont and Arizona are informally investigating opt-out options but have not formally initiated dockets.

While not under the jurisdiction of state regulatory authorities, the Cities of Naperville, Illinois and Fort Collins, Colorado are both under pressure to consider opt-out alternatives. The City of Naperville, which allows customers to opt-out of smart meters for a charge (one-time charge of \$68, monthly charge of \$25), recently rejected the inclusion of a non-binding referendum during a future election for the rejection of smart meters. The City of Fort Collins is planning to allow for two opt-out alternatives: analog meter and daily register read only AMI meter. Charges associated with each option have not been determined.

IMPACTS TO CUSTOMERS

The costs to implement opt-out options are significant and could ultimately be incurred by all rate payers. As the opt-out population increases, the anticipated savings from smart meter programs decreases, again resulting in potentially higher rates for customers. In addition, benefits of smart meters associated with reliability and outage response are also compromised with opt-out participation.

Operational cost reductions, such as meter reading costs and truck rolls, decrease as the population of opt-out customers increases. For each meter that opts-out, a utility labor force must be retained and paid for to facilitate the collections process. Additionally, the meter reading solutions, applications, system integration and operations must be maintained for this small number of non-automated meters. Opt-out fees paid by the individual consumers, such as those highlighted in the Maine and Oregon programs, are intended to cover these additional costs.

Results in Maine and Oregon indicate only small number of customers will actually participate when faced with the costs associated with opt-out programs. However, this also presents an additional challenge to the utility. If the number of customers who opt-out is too low, the cost per customer increases significantly. As a result, utilities would need to recover non-covered opt-out costs from the entire rate base during their next general rate case.

TAKE THE INITIATIVE

As demonstrated in the California, Nevada and City of Naperville proceedings, a very small percentage of the consumer population can negatively influence the majority and force regulators to implement opt-out provisions. Short of directly challenging its customers and regulators, utilities should consider executing several steps to reduce the desire for opt-out within its customer base.

Demonstrate Opt-Out Impacts in Business Case

As evidenced by the commission proceedings in Maine, Oregon, and California, and by the leanings of commission proceedings in Nevada and Michigan, it is prudent for utilities to include the potential cost of postponement and/or opt-out in their smart meter business cases. Smart meter business cases assume the elimination of meter reading positions and associated infrastructure (handhelds, meter reading systems).

All facets of opt-out provisions should be considered and accounted for in your business case. For example, one opt-out option requires that analog meters be available for customers who do not want a smart meter. ANSI-certified analog meters are no longer made in North America. Utilities, vendors and the marketplace have long since determined that analog meters represent obsolete technology and

have been replaced by solid state meters. To enable an analog opt-out option, a refurbished analog meter must be used. This adds significant new testing and meter asset management efforts and costs on utility operations.

Several regulatory agencies have implemented postponement policies while investigating potential opt-out provisions. Implementing a postponement list allows consumers to delay installation of a smart meter at their premise. Postponing gives utilities the opportunity to educate customers about the benefits associated with smart meters and allows them to address customer concerns. Postponing is not efficient to a smart meter deployment as utilities realize economies of scale by deploying all meters on a route at once. Skipping a meter requires a return visit to the premise and an incremental cost. But postponing is preferable to opting out.

Educate Your Customers

The implementation of any complex solution that impacts customers in a noticeable way will always create consternation. Smart metering is a complex solution that most consumers don't fully understand. Utilities should communicate with their customers and stakeholders via multiple channels with the intent of educating. Educating your customers can alleviate misperceptions and diminish the fear that fuels resistance to smart grid programs.

Utilities should use their communications channels to provide facts and reduce concern about common issues. Several states and regulatory bodies have studied smart metering and made study results available. Make copies of independent studies and resource materials available via email, web or when talking with consumers at public outreach events.

Communicate utility policy about handling customer-specific information. Tell consumers how the smart grid will be secured. An appropriate level of detail can be communicated to consumers without revealing information that will place security at risk. Let your consumers know that meter transmissions are encrypted, network infrastructure and data centers are hardened, employee actions are managed, and systems are monitored. Utilities are implementing comprehensive cyber security plans and continually evolving security infrastructure and practice to protect against evolving threats. Make consumers aware that your organization is taking security seriously.

Finally, tell consumers when they can expect their new meter and what will happen during the installation process. Inform consumers of the capabilities they will now have as a result of the smart meter program. Let them know how they can manage their energy consumption and lower their utility bills.

Consumers today have greater awareness of utility operations and smart meter deployment plans. But increased awareness does not necessarily mean increased knowledge about the infrastructure. A lack of information provides a breeding ground for rumor, speculation and misconception. Utilities must prepare by developing well thought out business plans that outline the benefits of the smart meter program, as well as the true costs associated with potential opt-out plans. In addition, utilities must prepare, plan and implement comprehensive communication and educational outreach efforts. With

thorough advanced preparation, utilities can overcome customer resistance and potential challenges related to opt-out programs.

Jeff Evans

Jeff Evans is an Executive Consultant at Black & Veatch. He has 20 years of experience in the utility industry with a primary focus on Smart Grid and AMI solutions. He holds a BS in Mechanical Engineering and an MBA in Marketing and Management & Strategy. Reach him at EvansJ2@BV.com



EMI/RFI Health Risk Assessment

**No Health Threat
From Smart Meters**

Introduction

- Smart meters are transforming water and electricity transmission and distribution networks worldwide that use robust two-way communications, advanced sensors, and distributed computers to improve the efficiency, reliability and safety of power and water delivery use.
- The outcome of this technology is a better management of our assets locally and globally.
- There are unsubstantiated concerns that the smart meters being installed around the country and the world will cause ill health effects to members of the household where the meters are installed. Therefore, we examine the facts about the impact of radio frequency energy on the body, showing that the devices utilities install pose no threat of harm to humans.

Federal Jurisdiction for Safety of Radio Frequency Devices

- The Federal Communications Commission (FCC) has jurisdiction over the approval and use of radio frequency devices, whether a license is required for the devices or if unlicensed operation is allowed. FCC regulations are based on standards set by the Institute of Electrical and Electronic Engineers (IEEE) based on years of research by health professionals.
- The FCC has allocated some frequencies for unlicensed operation, allowing consumers to purchase products at Best Buy or Wal-Mart and install them in their homes. These devices operate at low power levels, enabling communications but posing no threat of health effects to humans. Examples include the WiFi routers already discussed, wireless baby monitors, computers and garage door openers.
- The FCC's second role is to approve radio devices for manufacture, import and sale. Regardless of whether the equipment operates on low power unlicensed channels or at higher power operations that require an authorization, each device must be tested to meet FCC standards which include health standards.

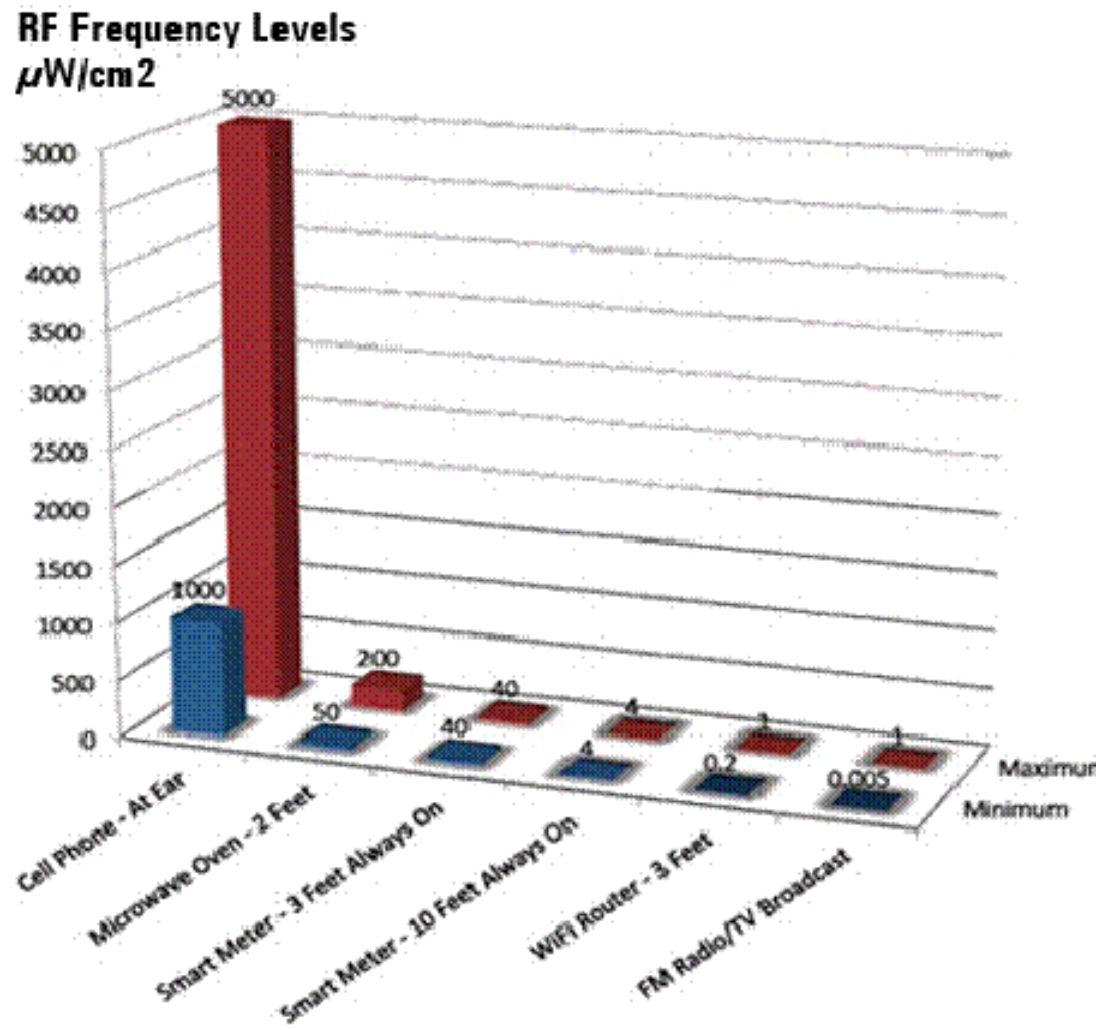
In Depth Global Studies

After reviewing the large amount of materials available to us, the AMI team decided to increasingly focus our reviews on health studies and assessments by government agencies and some affiliated private and academic organizations, including the:

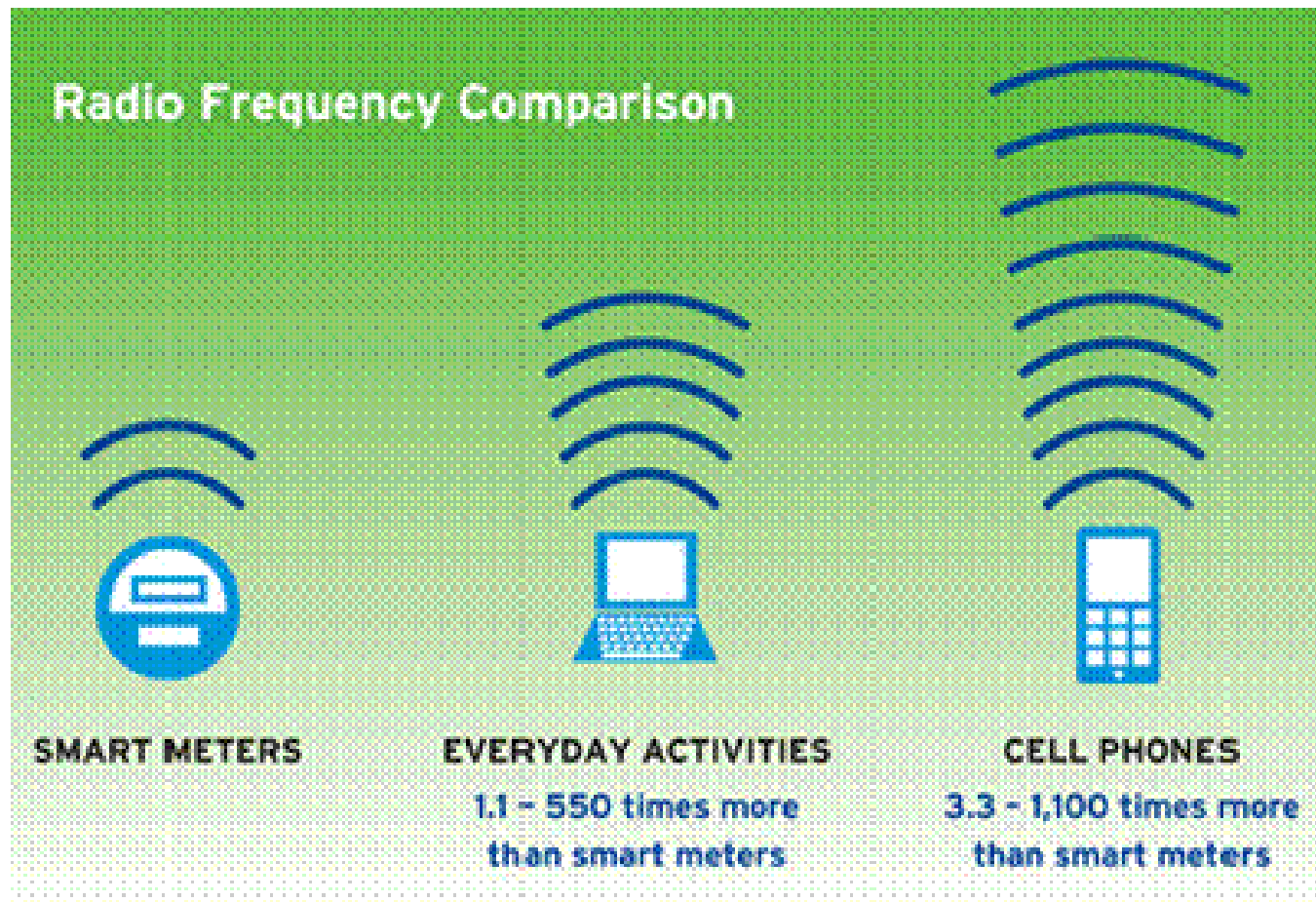
- World Health Organization (WHO),
- U.S. Federal Communications Commission (FCC),
- National Cancer Institute (NCI) in the National Institutes of Health (NIH),
- Health Canada (Canada's public health agency),
- Health Protection Agency of the United Kingdom (U.K.'s public health agency),
- International Commission on Non-Ionizing Radiation Protection (ICNRP),
- Institute of Electrical and Electronics Engineers (IEEE),
- University of Ottawa's McLaughlin Centre for Population Health Risk Assessment,
- Ontario Agency for Health Protection and Promotion,
- Swedish Radiation Protection Authority, and
- Australian Radiation Protection and Nuclear Safety Agency.

RF Frequency Levels in Households

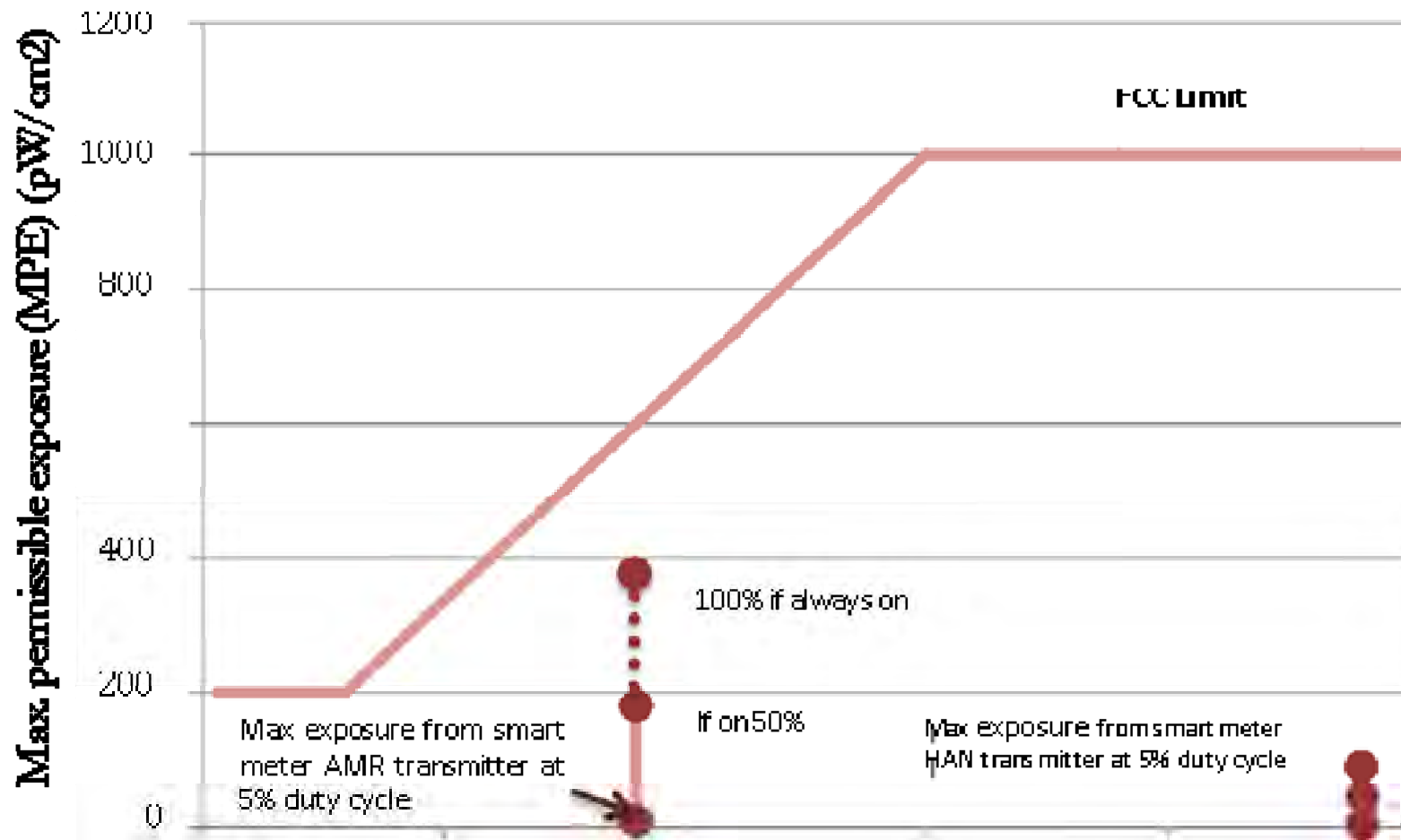
Smart meters' radio frequency (RF) emissions are a whisper compared to a roar from cell and cordless phones, microwaves, wireless routers, laptops and even blow dryers. Typical daily exposure to RF from cell phones is up to 10,000 times the intensity of that from smart meters. Unlike cell phones however, smart meters only actively transmit signals for a very small fraction (between .01% and 5%) of the day, and at several orders of magnitude lower energy levels. The chart on this page illustrate typical RF emissions from a smart meter compared to other consumer electronics.



RF Frequency Levels in Households



Zenner Very Low EMI



Zenner devices transmit 1/8 of a second every 20 minutes

AUTOMATED METER READING OPT-OUT APPLICATION

It is important that you understand the costs and conditions of opting out of automated meter reading. If you have not already done so, **please call us at (800) 576-2005 before submitting this application.**

This application must be completed by customers choosing to opt out of automated meter reading.

I understand that, by opting out, I will not receive the benefit of automated meter readings, which do not require a representative to visit my home.

I also agree to pay the following charges:

- A meter reading charge of **\$9.50 per month.**
- A fee of **\$104.74 per electric meter** and **\$93.81 per gas meter** if I choose to opt out after an automated meter reading device has been installed.

Additionally, I understand that Con Edison has the right to install an automated meter reading device or smart meter at its discretion if the company is unable to obtain access for three consecutive meter reading attempts. Alternatively, I may elect to relocate my meter(s) to an accessible area, at my expense.

(a) Account Number:	
(b) Account Name: <i>Person listed on the Con Edison account</i>	
Service Address:	<i>Street</i>
	<i>RM/FL/APT</i>
	<i>City</i>
	<i>Zip</i>
(c) Contact Information:	<i>Tel</i>
	<i>Cell</i>
	<i>Email</i>
By signing this application, I agree to the terms listed above and opt out of automated meter reading.	
Print Name	
Position/Title <i>(Owner, agent, tenant, other)</i>	
Sign	

Email the completed form to:
customerservice@coned.com

Or mail it to:
Con Edison
Quality Assurance
30 Flatbush Avenue, 6fl
Brooklyn, NY 11217

Automated Meter Reading Opt-Out Request



The City of San Marcos provides residential electric utility customers an option to have a Manual Read Electric Meter installed to replace an Automated Meter Infrastructure (AMI) Electric Meter.

The City criteria is:

- The request must be made by the utility account holder.
- The request must be submitted in writing (AMI Electric Meter Opt-Out Request Form)
- The Account holder must comply with all City of San Marcos Electric Rules and Regulations

If approved the utility account holder agrees to:

- Pay a Meter Exchange Fee of \$100.00 to replace the AMI Meter with a Manual Read Meter.
- Pay a monthly Meter Reading Fee of \$25.00, in addition to the existing electric utility charges.

Failure to meet or maintain the listed criteria or comply with fee payment will result in non-installation or replacement of the Manual Read Meter with an AMI Meter, to include an additional Meter Exchange Fee of \$100.00.

_____	_____
Account Holder	Date
_____	_____
Signature	Address

Processed by	

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: November 14, 2018
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: QUARTERLY INVESTMENT REPORT

RECOMMENDED BOARD ACTION

This is an information item only.

REASON FOR RECOMMENDATION

This is an information item only.

BACKGROUND INFORMATION

The District's Policy for Investment of Surplus Funds is set forth in the attached Resolution No. 1-96. In accordance with this policy Attachment 2 contains a copy of the latest Local Agency Investment Fund (LAIF) remittance advice indicating the amount invested and the rate of return. The District's surplus funds are invested in accordance with this policy and the District is able to meet its anticipated expenditure requirements for the next subsequent six months.

FISCAL INFORMATION

This is an information item only.

ATTACHMENTS

Attachment 1 – Resolution No. 1-96
Attachment 2 – LAIF Remittance Advice

RESOLUTION NO. 1-96

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RUNNING SPRINGS WATER DISTRICT SETTING FORTH
A POLICY FOR INVESTMENT OF SURPLUS FUNDS**

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of State-wide concern; and

WHEREAS, the Legislature has directed that the treasurer or chief fiscal officer of each local agency shall annually render to the legislative body of the local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting; and

WHEREAS, the Legislature has also directed that the treasurer or chief fiscal officer of each local agency shall render a quarterly report to the legislative body of each local agency which includes the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and monies held by the local agency, a description of any of the local agency's funds, investments, or programs that are under the management of contracted parties, and shall include a statement whether the investment portfolio is in compliance with the local agency's investment policy and a statement denoting the ability of the local agency to meet its expenditure requirements for the next subsequent six months; and

WHEREAS, the Legislature has determined that if a local agency has placed all of its investments in the Local Agency Investment Fund or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, the treasurer or chief fiscal officer may satisfy the above reporting requirements by simply supplying to the governing body and to the auditor of the local agency the most recent statement or statements received by the local agency from these institutions; and

WHEREAS, Government Code Section 16429.1 provides that notwithstanding any other provision of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit such surplus funds to the State Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Running Springs Water District as follows:

1. It is the policy of the Running Springs Water District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of Running Springs Water District funds.

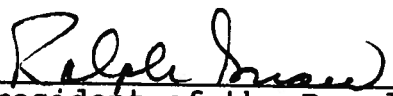
2. This Board of Directors determines that the most feasible and flexible method of implementing this policy, at least expense to the District, is to invest all surplus District funds in the Local Agency Investment Fund of the State of California.

3. Responsibility for deposits into and withdrawals from the Local Agency Investment Fund is hereby delegated to the District's General Manager.

4. At least quarterly, the General Manager will provide the Board of Directors with the most recent copies of statements from the Local Agency Investment Fund indicating amounts invested and rates of return. With each such quarterly report, the General Manager shall also indicate to the Board of Directors whether the District's surplus funds are invested in accordance with this policy, and whether the District is able to meet its anticipated expenditure requirements for the next subsequent six months.

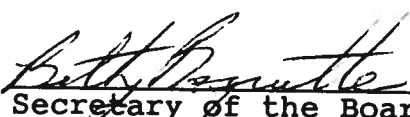
5. This policy shall be reviewed by the Board of Directors at least on an annual basis, and any modifications must be approved by the Board of Directors.

ADOPTED this 21st day of February, 1996.



President of the Board of
Directors of Running Springs
Water District

ATTEST:



Secretary of the Board of
Directors of Running Springs
Water District



BETTY T. YEE
California State Controller

**LOCAL AGENCY INVESTMENT FUND
 REMITTANCE ADVICE**

Agency Name RUNNING SPRINGS WATER DISTRICT

Account Number 90-36-002

As of 10/15/2018, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2018.

Earnings Ratio		.00005909460836489
Interest Rate		2.16%
Dollar Day Total	\$	266,086,994.68
Quarter End Principal Balance	\$	2,226,014.66
Quarterly Interest Earned	\$	15,724.31

RSWD Total Water Production (Acre-Feet)											
	2013			2017				2018			
	Precipitation (Inches)	(AF)	(gallons)	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013
January	3.90	44	14,348,960	24.35	30	9,938,312	31%	8.05	31	9,978,886	30%
February	3.60	34	11,222,900	6.25	27	8,916,787	21%	2.75	26	8,454,420	25%
March	2.40	33	10,897,679	1.60	29	9,560,030	12%	12.20	30	9,788,679	10%
April	0.35	33	10,743,916	0.00	33	10,608,910	1%	0.00	33	10,736,656	0%
May	0.90	45	14,601,449	0.85	34	11,120,624	24%	1.37	34	11,214,444	23%
June	0.00	45	14,610,203	0.00	43	13,893,094	5%	0.00	42	13,771,262	6%
July	0.10	56	18,206,345	0.20	47	15,410,083	15%	0.06	45	14,804,716	19%
August	0.00	56	18,170,122	1.30	43	14,083,494	22%	0.00	53	17,218,608	5%
September	0.00	52	16,831,647	0.00	40	13,056,504	22%	0.00	43	14,171,236	16%
October	2.60	35	11,312,308	0.00	37	12,156,081	-7%	1.63	35	11,561,692	-2%
November	3.40	30	9,723,378	0.05	31	10,217,548	-5%		0		100%
December	1.25	35	11,433,417	0.00	32	10,329,147	10%		0		100%
Total	18.50	497	162,102,324	34.60	427	139,290,614	14%	26.06	373	121,700,599	25%

Monthly Water Production (2013, 2017 & 2018)

