

**A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

JANUARY 25, 2017 / 6:00 P.M.

AGENDA

This meeting may be viewed on the District's website at www.29palmswater.net

Next Resolution #17-03
Next Ordinance #98

Call to Order and Roll Call

Pledge of Allegiance

Additions/Deletions to the Agenda

Public Comments

Please complete a "Request to be Heard" form prior to the start of the meeting. The public may address the Board for 3 minutes on District-related matters. Government Code prohibits the Board from taking action on matters that are not on the agenda. However, the Board may refer matters for future consideration.

Local Hazard Mitigation Plan Open Comments

1. Public Hearing on Proposed Amended 2015 Urban Water Management Plan
 - 1.1 Board to Hear Public Testimony at This Time
2. Consideration of Resolution 17-01 Adopting the Amended 2015 Urban Water Management Plan
3. Consider Resolution 17-02 Authorizing and Pledging Revenues and Funds to Satisfy Repayment Obligations for the Financial Assistance Agreement with the California State Water Resources Control Board for the Potable Groundwater Management Project
4. Presentation of Audit Report for Fiscal Year 2015/2016 by Cindy Byerrum
5. Approve Director Coghill to Attend the Special District Leadership Academy Conference (February 26-March 1, 2017) and to Provide Daily Meeting Stipend
6. Discussion of Well #11 Replacement Costs
7. Discussion of (801 Housing) Valve Report
8. Consent Calendar

Matters under the Consent Calendar are to be considered routine and will be enacted in a single motion. There will be no separate discussion of these items unless the Board,

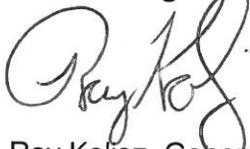
staff or the public requests specific items be removed for separate discussion and action before the Board votes on the motion to adopt.

- Minutes of the Regular Meeting held on December 14, 2016
- Audit List

9. Items Removed from the Consent Calendar for Discussion or Separate Action
10. Management Reports
 - 10.1 Operations
 - 10.2 Finance
 - 10.3 General Manager
11. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
12. Adjournment

The Board reserves the right to discuss only or take action on any item on the agenda.

Notice of agenda was posted on or before 4:00 p.m., January 20, 2017.



Ray Kolisz, General Manager

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 Cindy Fowlkes at (760) 367-7546 at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at the District offices located at 72401 Hatch Road, Twentynine Palms, CA 92277. In addition, any such writing may also be posted on the District's website.

**NO
MATERIAL
PROVIDED**

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	JANUARY 20, 2017
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	DISCUSSION AND CONSIDERATION TO APPROVE RESOLUTION 17-01 ADOPTING THE AMENDED 2015 URBAN WATER MANAGEMENT PLAN

BACKGROUND AND DISCUSSION

On June 22, 2016, the District Board of Directors adopted the 2015 Urban Water Management Plan, and it was subsequently submitted to the California Department of Water Resources (DWR) for review of the UWMP's compliance with the California Water Code (CWC). DWR in its review determined that CWC element 10608.20(e) and (h) (2) had not been addressed in accordance with the CWC; the year 2015 and the baseline historical water use values in the UWMP reported consumption values as opposed to the required gross water use production numbers which include losses. As such, the baseline water year calculations and SBX7-7 targets must be recalculated with the corrected values. DWR recommended that the District revise its UWMP to address this required element and has given the District 120 days to submit to DWR an amended UWMP. No other elements of the UWMP were found to be inconsistent with, or out of compliance with the CWC.

This has provided the District with an opportunity to enhance some elements of the UWMP based on comments received during and after the final UWMP was adopted. As such, the District has also added clarifying information to the water supply discussion, particularly to address the status of the groundwater supply and the actions the District is taking to manage the declining groundwater levels in order to provide a sustainable supply to meet demands. While not required by DWR, the District made these additional edits for the benefit of the community and interested parties.

The amended 2015 UWMP was posted to the District's website on January 4, 2017 (www.29palmswater.net/water-quality-information) and notice of the public hearing and adoption was posted in the local newspaper on January 12, 2017 and January 19, 2017 as required by Government Code 6066. In addition, the City and County planning departments were notified of the amended UWMP on November 9, 2016.

The attached Addendum shows the proposed changes between the Final 2015 UWMP adopted in June 2016 and the amended Final 2015 UWMP.

RECOMMENDATION

Staff recommends approving Resolution 17-01 Adopting the Amended 2015 Urban Water Management Plan.

Twentynine Palms Water District
Summary of the Amendments to 2015 Urban Water Management Plan

Contents

Revisions to Section 1.4.1 Public Water Systems – Updates Table 1-1 with total production for calendar year 2015.

Section 1.5.1.1 UWMP Plan Adoption and Amendment Process – Provides the external coordination and outreach timeline for the amendments to the Plan. Specifically notes that DWR in its original review of the UWMP determined that California Water Code (CWC) element 10608.20(e) and (h)(2) had not been addressed in accordance with the CWC; the year 2015 and the baseline historical water use values in the UWMP reported consumption values as opposed to the required gross water use production numbers which include losses. As such, the baseline water year calculations and SBX7-7 targets had to be recalculated with the corrected values. No other elements of the UWMP were found to be inconsistent with, or out of compliance with the CWC.

This has provided the District with an opportunity to enhance some elements of the UWMP based on comments received during and after the adoption of the Final Draft UWMP. As such, the District has also added clarifying information to the water supply discussion, particularly to address the status of the groundwater supply and the actions the District is taking to manage the declining groundwater levels in order to provide a sustainable supply to meet demands. While not required by DWR, the District made these additional edits for the benefit of the community and interested parties.

Revisions to Section 1.5.2 Public Outreach – Updates Table 1-3 with coordination/noticing of the amendments to the Plan.

Revisions to Section 1.7 Climate – Corrects the text to refer to the CIMIS Station in Joshua Tree to match data provided in Table 1-4.

Revisions to Section 2.3 Population – Updates Table 2-2 population estimate for the year 2015 from 14,586 to 14,985 persons.

Revisions to Section 2.4 Historical Water Use and Projected Water Use - Updates Table 2-4 with total consumption by land use category for calendar year 2015.

Revisions to Section 2.5.1 Historical Other Water Uses – Updates data in Table 2-7 and clarifies source of 2010 and 2015 water losses.

Revisions to Section 2.6.1 Base Daily Per Capita Water Use – Updates Table 2-9 with corrected 2008 total water deliveries in the amount of 3,146 AF.

Revisions to Section 2.6.1 Base Daily Per Capita Water Use – Updates discussion and Table 2-10 with gross production water use values (as opposed to total water deliveries) and corresponding per capita water use in gallons per capita per day (gpcd). As a result the 2015 actual compliance year water use changed from 136 gpcd to 143 gpcd. The selected 10-year average base daily water use changed from 158 gpcd to 178 gpcd. The selected 5-year average base daily water use changed from 152 gpcd to 171 gpcd.

Revisions to Section 2.6.2 Compliance Water Use Targets – Updates discussion and Table 2-11 with recalculated SBX7-7 targets using gross production water values (as opposed to total water deliveries) and based on revisions to Section 2.6.1. The maximum allowable water use

target changed from 144 gpcd to 163 gpcd. The 2020 Compliance Year Target changed from 144 gpcd to 163 gpcd. The 2015 Interim Compliance Year Target changed from 151 gpcd to 170 gpcd. The table was also edited to note the correct methodology used; Method No. 3 which is the 95% of the DWR 20x2020 Water Conservation Plan hydrologic region target.

Revisions to Section 2.7 Projected Water Use – Updates the projected demands in Table 2-12 as a result of the updated gpcd target.

Revisions to Section 2.7 Projected Water Use – Updates the projected demands in Table 2-14 from the updated Table 2-12 and adds in 2015 water losses of 293 AF.

Revisions to Section 2.7 Projected Water Use – Updates the projections of future lower-income household water use based on the updated demands in Table 2-12.

Revisions to Section 3.1 Overview – Provides additional information for the reader on previous investigations of the District's groundwater resources.

Revisions to Section 3.1 Overview – Corrects 2015 actual water use data in Table 3-1 to be actual gross production including losses in the amount of 2,404 AF. Identifies plans for a new groundwater well to replace the lost capacity from removing Wells No. 9 and 11 from service.

Revisions to Section 3.3.2 Joshua Tree Basin – Clarifies that the basin areas relied upon by the Joshua Basin Water District and the District are separated by an unnamed fault, and therefore the District does not have access to the entirety of the Joshua Tree Basin, only to the three subbasins overlain by the District.

Revisions to Section 3.3.4 Groundwater Supply Reliability – Provides additional discussion on recharge to the basin.

Revisions to Section 3.3.5 Historical Groundwater Pumping – Corrects 2008 historical water production in Table 3-2 from 3,416 AF to 3,146 AF. Corrects 2015 actual water use data to 2,404 AF.

Revisions to Section 3.3.5 Historical Groundwater Pumping – Corrects 2015 actual production in Table 3-3 for calendar year 2015 by subbasin.

Revisions to Section 3.3.6 Projected Groundwater Pumping – Clarifies the DWR recommended pumping limit for the Fortynine Palms and Indian Coves subbasin. Identifies plans for a new groundwater well to replace the lost capacity from removing Wells No. 9 and 11 from service. Confirms planned pumping will still be within recommended pumping limits. Updates projected groundwater pumping by subbasin in Table 3-5.

Revisions to Section 3.7 Planned Water Supply Projects and Programs – Identifies plans for a new groundwater well to replace the lost capacity from removing Wells No. 9 and 11 from service.

Revisions to Section 5.3 Water Quality Impacts on Reliability – Clarifies the potential impact on the District's groundwater supply as a result of water quality impacts in the text and in Table 5-1.

Revisions to Sections 6.2.1 – 6.2.3 Normal, Single-Dry, and Multiple-Dry Water Year – Updates demand numbers in Tables 6-2, 6-3, and 6-4 and recalculates supply and demand comparisons.

Revisions to Section 8.8 Minimum Water Supply Available During Next Three Years -
 Corrects 2015 actual water use data in Table 8-5, assumed to be worst case scenario for years 2016, 2017, and 2018 to be actual gross production including losses in the amount of 2,404 AF.

References – adds the following document to the reference list: Nishikawa et al. "Evaluation of Geohydrologic Framework, Recharge Estimates, and Ground-Water Flow of the Joshua Tree Area, San Bernardino County, California." United States Geological Survey. 2004.

Appendices

Addition to Appendix B (Public Outreach) to the Plan - Notification emails and public hearing notice for the Plan amendments and the Resolution to adopt Plan amendments (additions not provided with this amendment summary, please see Amended UWMP).

Appendix D (DWR Population Tool) – Provides an updated population assessment using the DWR Population Tool correcting the population for the year 2015 (additions not provided with this amendment summary, please see Amended UWMP).

Appendix F (DWR Tables) – Provides updated DWR SBX7-7 and Standardized Tables to correct data as mentioned above. See below.

Twentynine Palms Water District 2015 Amended UWMP Standard Tables

Table 2-1 Retail Only: Public Water Systems			
Public Water System Number	Public Water System Name	Number of Municipal Connections 2015	Volume of Water Supplied 2015
3610049	TPWD	6,759	2,404
TOTAL		6,759	2,404
NOTES: See "Table 1-1: Retail Public Water System" in TPWD 2015 UWMP.			

Table 2-2: Plan Identification		
Select Only One	Type of Plan	Name of RUWMP or Regional Alliance <i>if applicable</i> <i>drop down list</i>
<input checked="" type="checkbox"/>	Individual UWMP	
	<input type="checkbox"/> Water Supplier is also a member of a RUWMP	
	<input type="checkbox"/> Water Supplier is also a member of a Regional Alliance	
<input type="checkbox"/>	Regional Urban Water Management Plan (RUWMP)	
NOTES: See Section 1.3 in TPWD 2015 UWMP.		

Table 2-3: Agency Identification	
Type of Agency (select one or both)	
<input type="checkbox"/>	Agency is a wholesaler
<input checked="" type="checkbox"/>	Agency is a retailer
Fiscal or Calendar Year (select one)	
<input checked="" type="checkbox"/>	UWMP Tables Are in Calendar Years
<input type="checkbox"/>	UWMP Tables Are in Fiscal Years
If Using Fiscal Years Provide Month and Date that the Fiscal Year Begins (mm/dd)	
Units of Measure Used in UWMP (select from Drop down)	
Unit	AF
NOTES: See Section 1.4.2 in TPWD 2015 UWMP.	

Table 2-4 Retail: Water Supplier Information Exchange
The retail supplier has informed the following wholesale supplier(s) of projected water use in accordance with CWC 10631.
Wholesale Water Supplier Name <i>(Add additional rows as needed)</i>
NOTES: District does not have a wholesale supplier.

Table 3-1 Retail: Population - Current and Projected						
Population Served	2015	2020	2025	2030	2035	2040(opt)
		14,985	24,328	27,411	30,494	33,578
NOTES: See "Table 2-2: Historical Population Estimates" and "Table 2-3: Projected Population Estimates" in TPWD 2015 UWMP.						

Table 4-1 Retail: Demands for Potable and Raw Water - Actual			
Use Type <i>(Add additional rows as needed)</i>	2015 Actual		
<i>Drop down list</i> <i>May select each use multiple times</i> <i>These are the only Use Types that will be recognized by the WUEdata online submittal tool</i>	Additional Description <i>(as needed)</i>	Level of Treatment When Delivered <i>Drop down list</i>	Volume
Single Family		Drinking Water	1,429
Multi-Family		Drinking Water	335
Commercial		Drinking Water	232
Industrial		Drinking Water	0
Landscape		Drinking Water	114
Losses			293
Other	Fire Protection/ Non-potable	Raw Water	1
TOTAL			2,404
NOTES: See "Table 2-4: Historical Water Use (AF)" and "Table 2-7: Historical "Other" Water Uses (AF)" in TPWD 2015 UWMP.			

Table 4-2 Retail: Demands for Potable and Raw Water - Projected						
Use Type <i>(Add additional rows as needed)</i>	Additional Description <i>(as needed)</i>	Projected Water Use <i>Report To the Extent that Records are Available</i>				
		2020	2025	2030	2035	2040-opt
Drop down list <i>May select each use multiple times These are the only Use Types that will be recognized by the WUEdata online submittal tool</i>						
Single Family		3,528	3,975	4,422	4,869	5,316
Multi-Family		651	733	816	898	981
Commercial		199	224	250	275	300
Industrial		0	0	0	0	0
Landscape		20	22	25	27	30
Other	Fire Protection/ Non Potable	45	50	56	62	67
Losses		293	293	293	293	293
TOTAL		4,736	5,297	5,862	6,424	6,987
NOTES: See "Table 2-12: Projected Water Demands" in TPWD 2015 UWMP and Table 2-7, "Historical "Other" Water Uses."						

Table 4-3 Retail: Total Water Demands						
	2015	2020	2025	2030	2035	2040 <i>(opt)</i>
Potable and Raw Water <i>From Tables 4-1 and 4-2</i>	2,404	4,736	5,297	5,862	6,424	6,987
Recycled Water Demand* <i>From Table 6-4</i>	0	0	0	0	0	0
TOTAL WATER DEMAND	2,404	4,736	5,297	5,862	6,424	6,987
<i>*Recycled water demand fields will be blank until Table 6-4 is complete.</i>						
NOTES:						

Table 4-4 Retail: 12 Month Water Loss Audit Reporting	
Reporting Period Start Date (mm/yyyy)	Volume of Water Loss*
01/2014	246
* Taken from the field "Water Losses" (a combination of apparent losses and real losses) from the AWWA worksheet.	
NOTES: See "Table 2-6: Unaccounted-For Water Losses Within the District (AF)" in TPWD 2015 UWMP. Reported volume is for calendar year 2014. 2015 reported loss were 293 AF, see Table 2-7.	

Table 4-5 Retail Only: Inclusion in Water Use Projections	
Are Future Water Savings Included in Projections? (Refer to Appendix K of UWMP Guidebook) <i>Drop down list (y/n)</i>	No
If "Yes" to above, state the section or page number, in the cell to the right, where citations of the codes, ordinances, etc... utilized in demand projections are found.	
Are Lower Income Residential Demands Included In Projections? <i>Drop down list (y/n)</i>	Yes
NOTES:	

Table 5-1 Baselines and Targets Summary Retail Agency or Regional Alliance Only					
Baseline Period	Start Year	End Year	Average Baseline GPCD*	2015 Interim Target *	Confirmed 2020 Target*
10-15 year	1995	2004	178	170	163
5 Year	2003	2007	171		
*All values are in Gallons per Capita per Day (GPCD)					
NOTES: See "Table 2-9: Baseline Period Ranges" and "Table 2-11: Components of Target Daily Per Capita Water Use" in TPWD 2015 UWMP.					

Table 5-2: 2015 Compliance Retail Agency or Regional Alliance Only								
Actual 2015 GPCD*	2015 Interim Target GPCD*	Optional Adjustments to 2015 GPCD From Methodology 8					2015 GPCD* (Adjusted if applicable)	Did Supplier Achieve Targeted Reduction for 2015? Y/N
		Extraordinary Events*	Economic Adjustment*	Weather Normalization*	TOTAL Adjustments*	Adjusted 2015 GPCD*		
143	170				0	143	143	Yes
*All values are in Gallons per Capita per Day (GPCD)								
NOTES: See "Table 2-10: Baseline Water Use" and "Table 2-11: Components of Target Daily Per Capita Water Use" in TPWD 2015								

Table 6-1 Retail: Groundwater Volume Pumped						
<input type="checkbox"/>	Supplier does not pump groundwater. The supplier will not complete the table below.					
Groundwater Type <i>Drop Down List</i> <i>May use each category multiple times.</i>	Location or Basin Name	2011	2012	2013	2014	2015
<i>Add additional rows as needed</i>						
Alluvial Basin	Mesquite Springs Basin	1127	1167	1133	1110	1096
Alluvial Basin	Fortynine Palms Subbasin	1102	1011	1006	987	784
Alluvial Basin	Eastern Subbasin	329	310	292	258	228
Alluvial Basin	Indian Cove Subbasin	447	441	411	382	296
TOTAL		3,005	2,929	2,842	2,737	2,404
NOTES: See "Table 3-3: Historical Amount of Groundwater Pumped" in TPWD 2015 UWMP.						

Table 6-2 Retail: Wastewater Collected Within Service Area in 2015						
<input checked="" type="checkbox"/>	There is no wastewater collection system. The supplier will not complete the table below.					
	Percentage of 2015 service area covered by wastewater collection system (optional)					
	Percentage of 2015 service area population covered by wastewater collection system (optional)					
Wastewater Collection			Recipient of Collected Wastewater			
Name of Wastewater Collection Agency	Wastewater Volume Metered or Estimated? <i>Drop Down List</i>	Volume of Wastewater Collected from UWMP Service Area 2015	Name of Wastewater Treatment Agency Receiving Collected Wastewater	Treatment Plant Name	Is WWTP Located Within UWMP Area? <i>Drop Down List</i>	Is WWTP Operation Contracted to a Third Party? (optional) <i>Drop Down List</i>
<i>Add additional rows as needed</i>						
Total Wastewater Collected from Service Area in 2015:		0				
NOTES:						

Table 6-3 Retail: Wastewater Treatment and Discharge Within Service Area in 2015										
<input checked="" type="checkbox"/>	No wastewater is treated or disposed of within the UWMP service area. The supplier will not complete the table below.									
Wastewater Treatment Plant Name	Discharge Location Name or Identifier	Discharge Location Description	Wastewater Discharge ID Number (optional) <i>Drop down list</i>	Method of Disposal <i>Drop down list</i>	Does This Plant Treat Wastewater Generated Outside the Service Area?	Treatment Level <i>Drop down list</i>	2015 volumes			
							Wastewater Treated	Discharged Treated Wastewater	Recycled Within Service Area	Recycled Outside of Service Area
<i>Add additional rows as needed</i>										
Total							0	0	0	0
NOTES:										

Table 6-4 Retail: Current and Projected Recycled Water Direct Beneficial Uses Within Service Area									
<input checked="" type="checkbox"/>	Recycled water is not used and is not planned for use within the service area of the supplier. The supplier will not complete the table below.								
Name of Agency Producing (Treating) the Recycled Water:									
Name of Agency Operating the Recycled Water Distribution System:									
Supplemental Water Added in 2015									
Source of 2015 Supplemental Water									
Beneficial Use Type	General Description of 2015 Uses	Level of Treatment <i>Drop down list</i>	2015	2020	2025	2030	2035	2040 (opt)	
Agricultural irrigation									
Landscape irrigation (excludes golf courses)									
Golf course irrigation									
Commercial use									
Industrial use									
Geothermal and other energy production									
Seawater intrusion barrier									
Recreational impoundment									
Wetlands or wildlife habitat									
Groundwater recharge (IPR)*									
Surface water augmentation (IPR)*									
Direct potable reuse									
Other (Provide General Description)									
Total:			0	0	0	0	0	0	
<i>*IPR - Indirect Potable Reuse</i>									
NOTES:									

Table 6-5 Retail: 2010 UWMP Recycled Water Use Projection Compared to 2015 Actual			
<input checked="" type="checkbox"/>		Recycled water was not used in 2010 nor projected for use in 2015. The supplier will not complete the table below.	
Use Type		2010 Projection for 2015	2015 Actual Use
Agricultural irrigation			
Landscape irrigation (excludes golf courses)			
Golf course irrigation			
Commercial use			
Industrial use			
Geothermal and other energy production			
Seawater intrusion barrier			
Recreational impoundment			
Wetlands or wildlife habitat			
Groundwater recharge (IPR)			
Surface water augmentation (IPR)			
Direct potable reuse			
Other	Type of Use		
Total		0	0
NOTES:			

Table 6-6 Retail: Methods to Expand Future Recycled Water Use			
<input checked="" type="checkbox"/>		Supplier does not plan to expand recycled water use in the future. Supplier will not complete the table below but will provide narrative explanation.	
Provide page location of narrative in UWMP			
Name of Action	Description	Planned Implementation Year	Expected Increase in Recycled Water Use
<i>Add additional rows as needed</i>			
Total			0
NOTES:			

Table 6-7 Retail: Expected Future Water Supply Projects or Programs						
<input checked="" type="checkbox"/>	No expected future water supply projects or programs that provide a quantifiable increase to the agency's water supply. Supplier will not complete the table below.					
<input type="checkbox"/>	Some or all of the supplier's future water supply projects or programs are not compatible with this table and are described in a narrative format.					
Provide page location of narrative in the UWMP						
Name of Future Projects or Programs	Joint Project with other agencies?		Description (if needed)	Planned Implementation Year	Planned for Use in Year Type	Expected Increase in Water Supply to Agency
	<i>Drop Down List (Y/N)</i>	<i>If Yes, Agency Name</i>				
<i>Add additional rows as needed</i>						
NOTES:						

Table 6-8 Retail: Water Supplies — Actual				
Water Supply	Additional Detail on Water Supply	2015		
<i>Drop down list</i> <i>May use each category multiple times.</i> <i>These are the only water supply categories that will be recognized by the WUEdata online submittal tool</i>		Actual Volume	Water Quality	Total Right or Safe Yield (optional)
			<i>Drop Down List</i>	
<i>Add additional rows as needed</i>				
Groundwater	Supplier Produced	2,404	Drinking Water	
	Total	2,404		0
NOTES: See "Table 3-1: Existing and Planned Water Supplies" in TPWD 2015 UWMP.				

Water Supply	Additional Detail on Water Supply	Projected Water Supply <i>Report To the Extent Practicable</i>									
		2020		2025		2030		2035		2040 (opt)	
		Reasonably Available Volume	Total Right or Safe Yield (optional)	Reasonably Available Volume	Total Right or Safe Yield (optional)	Reasonably Available Volume	Total Right or Safe Yield (optional)	Reasonably Available Volume	Total Right or Safe Yield (optional)	Reasonably Available Volume	Total Right or Safe Yield (optional)
Groundwater	Mesquite Lake and Joshua Tree Basins	6,995		6,995		6,995		6,995		6,995	
Total		6,995	0	6,995	0	6,995	0	6,995	0	6,995	0

NOTE: See "Table 3-1: Existing and Planned Water Supplies" in TPWD 2015 UWMP.

Year Type	Base Year <i>If not using a calendar year, type in the last year of the fiscal, water year, or range of years, for example, water year 1999-2000, use 2000</i>	Available Supplies if Year Type Repeats	
		<input type="checkbox"/> Quantification of available supplies is not compatible with this table and is provided elsewhere in the UWMP. Location _____	<input checked="" type="checkbox"/> Quantification of available supplies is provided in this table as either volume only, percent only, or both.
		Volume Available	% of Average Supply
Average Year	2007	6995	100%
Single-Dry Year	1977	6995	
Multiple-Dry Years 1st Year	2008	6995	
Multiple-Dry Years 2nd Year	2008	6995	
Multiple-Dry Years 3rd Year	2008	6995	
Multiple-Dry Years 4th Year <i>Optional</i>			
Multiple-Dry Years 5th Year <i>Optional</i>			
Multiple-Dry Years 6th Year <i>Optional</i>			

Agency may use multiple versions of Table 7-1 if different water sources have different base years and the supplier chooses to report the base years for each water source separately. If an agency uses multiple versions of Table 7-1, in the "Note" section of each table, state that multiple versions of Table 7-1 are being used and identify the particular water source that is being reported in each table.

NOTES: See Tables 6-2, 6-3, and 6-4.

Table 7-2 Retail: Normal Year Supply and Demand Comparison					
	2020	2025	2030	2035	2040 (Opt)
Supply totals <i>(autofill from Table 6-9)</i>	6,995	6,995	6,995	6,995	6,995
Demand totals <i>(autofill from Table 4-3)</i>	4,736	5,297	5,862	6,424	6,987
Difference	2,259	1,698	1,133	571	8
NOTES:					

Table 7-3 Retail: Single Dry Year Supply and Demand Comparison					
	2020	2025	2030	2035	2040 (Opt)
Supply totals	6,995	6,995	6,995	7,066	7,686
Demand totals	5,209	5828	6,447	7,066	7,686
Difference	1,786	1,167	548	0	0
NOTES: See "Table 6-3: Supply and Demand Comparison - Single-Dry Year" in TPWD 2015 UWMP.					

Table 7-4 Retail: Multiple Dry Years Supply and Demand Comparison						
		2020	2025	2030	2035	2040 (Opt)
First year	Supply totals	6,995	6,995	6,995	6,995	7,225
	Demand totals	4,896	5,478	6,060	6,642	7,225
	Difference	2,099	1,517	935	353	0
Second year	Supply totals	6,995	6,995	6,995	6,995	7,225
	Demand totals	4,896	5,478	6,060	6,642	7,225
	Difference	2,099	1,517	935	353	0
Third year	Supply totals	6,995	6,995	6,995	6,995	7,225
	Demand totals	4,896	5,478	6,060	6,642	7,225
	Difference	2,099	1,517	935	353	0
Fourth year <i>(optional)</i>	Supply totals					
	Demand totals					
	Difference	0	0	0	0	0
Fifth year <i>(optional)</i>	Supply totals					
	Demand totals					
	Difference	0	0	0	0	0
Sixth year <i>(optional)</i>	Supply totals					
	Demand totals					
	Difference	0	0	0	0	0
NOTES: See "Table 6-4: Supply and Demand Comparison - Multiple-Dry Year" in TPWD 2015 UWMP.						

Table 8-1 Retail Stages of Water Shortage Contingency Plan		
Stage	Complete Both	
	Percent Supply Reduction ¹ <i>Numerical value as a percent</i>	Water Supply Condition <i>(Narrative description)</i>
<i>Add additional rows as needed</i>		
1	10%	Voluntary or Mandatory at Board Discretion
2	20%	Voluntary or Mandatory at Board Discretion
3	30%	Mandatory
4	40%	Mandatory
5	50%	Mandatory
¹ <i>One stage in the Water Shortage Contingency Plan must address a water shortage of 50%.</i>		
NOTES: See "Table 8-1: Rationing and Reduction Goals" in TPWD 2015 UWMP.		

Table 8-2 Retail Only: Restrictions and Prohibitions on End Uses

Stage	Restrictions and Prohibitions on End Users <i>Drop down list</i> <i>These are the only categories that will be accepted by the WUEdata online submittal tool</i>	Additional Explanation or Reference <i>(optional)</i>	Penalty, Charge, or Other Enforcement? <i>Drop Down List</i>
<i>Add additional rows as needed</i>			
All Stages	Landscape - Restrict or prohibit runoff from landscape irrigation	Water waste is prohibited at all times. Water waste includes but is not limited to the application of potable water to outdoor landscapes in a manner that causes runoff.	Yes
All Stages	Landscape - Other landscape restriction or prohibition	Watering of outdoor landscapes within 48 hours of measurable rainfall.	Yes
All Stages	Other	Water for construction purposes, including but not limited to debrushing of vacant land, compaction of fills and pads, trench backfill and other construction uses shall be in an efficient manner.	Yes
All Stages	Other	All new construction including residential, commercial and industrial, shall be equipped with low flow toilets and fixtures.	Yes

All Stages	Other	All new homes and commercial and industrial development, when landscaped, shall include a predominance of low water use, drought tolerant or native plant material, and utilize drip irrigation systems.	Yes
All Stages	Other	Dedicated (separate) landscape meters shall be installed for all irrigated landscape areas in excess of 2500 square feet except for single family residences.	Yes
All Stages	Other	Water used for cooling systems must be recycled to the extent possible.	Yes
All Stages	Other	Evaporation resistant covers are required for all new swimming pools and hot tubs.	Yes
1	Other - Prohibit use of potable water for washing hard surfaces	No hosing of hardscape surfaces, except where health and safety needs dictate.	Yes
1	Other	No car washing or outside cleaning activities except when performed with buckets and automatic hose shutoff devices.	Yes
1	CII - Restaurants may only serve water upon request	No serving of drinking water other than upon request in eating or drinking establishments.	Yes

1	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	Customer leaks shall be repaired in a timely manner, but in no more than 48 hours, and sprinklers shall be adjusted to eliminate over-spray.	Yes
1	CII - Lodging establishment must offer opt out of linen service	Operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom.	Yes
2	Other	All restrictions/prohibitions from Stage I are in effect and become mandatory	Yes
2	Landscape - Limit landscape irrigation to specific times	No landscape watering between the hours of 0800 and 1700 hours	Yes
2	Landscape - Limit landscape irrigation to specific days	Outdoor watering is limited to 3 days per week.	Yes
3	Other	All restrictions/prohibitions from Stage I and Stage II are in effect and are mandatory	Yes
3	Landscape - Other landscape restriction or prohibition	Irrigation with potable water or ornamental turf on public street medians is prohibited.	Yes
3	Landscape - Limit landscape irrigation to specific days	Outdoor watering is limited to 2 days per week.	Yes

4	Other	All restrictions/prohibitions from Stage I, Stage II, and Stage III are in effect and are mandatory.	Yes
4	Other	Issuance of new meters will cease.	Yes
4	Other	Use of construction meters is prohibited.	Yes
4	Water Features - Restrict water use for decorative water features, such as fountains	Water cannot be used to operate fountains, reflection ponds and decorative water bodies for aesthetic or scenic purposes, except where necessary to support aquatic life.	Yes
4	Other	Should the District implement allocation limits (see section 7.6.1), the filling of swimming pools, spas, hot tubs or the draining and refilling of all swimming pools, spas, hot tubs is prohibited. Topping off is allowed to the extent that the designated water allocation is not exceeded.	Yes
5	Other	All restrictions/prohibitions from Stage I, Stage II, Stage III, and Stage IV are in effect and are mandatory.	Yes
5	Landscape - Prohibit all landscape irrigation	Outdoor irrigation is prohibited.	Yes
NOTES: See "Table 8-2: Prohibitions During Different Shortage Stages" in TPWD 2015 UWMP.			

Table 10-1 Retail: Notification to Cities and Counties		
City Name	60 Day Notice	Notice of Public Hearing
<i>Add additional rows as needed</i>		
City of Twentynine Palms	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
County Name <i>Drop Down List</i>	60 Day Notice	Notice of Public Hearing
<i>Add additional rows as needed</i>		
San Bernardino County	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
See "Table 1-2: Agency Coordination" in TPWD 2015 UWMP.		

Twentynine Palms Water District 2015 Amended UWMP SBX7-7 Verification Tables

SB X7-7 Table 0: Units of Measure Used in UWMP* <i>(select one from the drop down list)</i>
Acre Feet
<i>*The unit of measure must be consistent with Table 2-3</i>
NOTES:

SB X7-7 Table-1: Baseline Period Ranges			
Baseline	Parameter	Value	Units
10- to 15-year baseline period	2008 total water deliveries	3,146	Acre Feet
	2008 total volume of delivered recycled water	-	Acre Feet
	2008 recycled water as a percent of total deliveries	0.00%	Percent
	Number of years in baseline period ^{1, 2}	10	Years
	Year beginning baseline period range	1995	
	Year ending baseline period range ³	2004	
5-year baseline period	Number of years in baseline period	5	Years
	Year beginning baseline period range	2003	
	Year ending baseline period range ⁴	2007	
¹ If the 2008 recycled water percent is less than 10 percent, then the first baseline period is a continuous 10-year period. If the amount of recycled water delivered in 2008 is 10 percent or greater, the first baseline period is a continuous 10- to 15-year period.			
² The Water Code requires that the baseline period is between 10 and 15 years. However, DWR recognizes that some water suppliers may not have the minimum 10 years of baseline data.			
³ The ending year must be between December 31, 2004 and December 31, 2010.			
⁴ The ending year must be between December 31, 2007 and December 31, 2010.			
NOTES: See Table 2-9, "Baseline Period Ranges."			

SB X7-7 Table 2: Method for Population Estimates	
Method Used to Determine Population (may check more than one)	
<input type="checkbox"/>	1. Department of Finance (DOF) DOF Table E-8 (1990 - 2000) and (2000-2010) and DOF Table E-5 (2011 - 2015) when available
<input type="checkbox"/>	2. Persons-per-Connection Method
<input checked="" type="checkbox"/>	3. DWR Population Tool
<input type="checkbox"/>	4. Other DWR recommends pre-review
NOTES: See Appendix D.	

SB X7-7 Table 3: Service Area Population

Year		Population
10 to 15 Year Baseline Population		
Year 1	1995	15,908
Year 2	1996	14,918
Year 3	1997	15,179
Year 4	1998	15,433
Year 5	1999	15,634
Year 6	2000	15,846
Year 7	2001	15,858
Year 8	2002	15,859
Year 9	2003	15,865
Year 10	2004	16,225
<i>Year 11</i>		
<i>Year 12</i>		
<i>Year 13</i>		
<i>Year 14</i>		
<i>Year 15</i>		
5 Year Baseline Population		
Year 1	2003	15,865
Year 2	2004	16,225
Year 3	2005	17,061
Year 4	2006	17,662
Year 5	2007	17,859
2015 Compliance Year Population		
2015		14,985
NOTES: See Table 2-10, "Baseline Water Use."		

SB X7-7 Table 4: Annual Gross Water Use *

Baseline Year <i>Fm SB X7-7 Table 3</i>	Volume Into Distribution System <i>This column will remain blank until SB X7-7 Table 4-A is completed.</i>	Deductions					Annual Gross Water Use
		Exported Water	Change in Dist. System Storage (+/-)	Indirect Recycled Water <i>This column will remain blank until SB X7-7 Table 4-B is completed.</i>	Water Delivered for Agricultural Use	Process Water <i>This column will remain blank until SB X7-7 Table 4-D is completed.</i>	
10 to 15 Year Baseline - Gross Water Use							
Year 1	1995	3,013			-		3,013
Year 2	1996	3,145			-		3,145
Year 3	1997	2,927			-		2,927
Year 4	1998	2,993			-		2,993
Year 5	1999	3,013			-		3,013
Year 6	2000	3,248			-		3,248
Year 7	2001	3,105			-		3,105
Year 8	2002	3,416			-		3,416
Year 9	2003	3,200			-		3,200
Year 10	2004	3,203			-		3,203
Year 11	0	-			-		-
Year 12	0	-			-		-
Year 13	0	-			-		-
Year 14	0	-			-		-
Year 15	0	-			-		-
10 - 15 year baseline average gross water use							3,126
5 Year Baseline - Gross Water Use							
Year 1	2003	3,200			-		3,200
Year 2	2004	3,203			-		3,203
Year 3	2005	3,152			-		3,152
Year 4	2006	3,340			-		3,340
Year 5	2007	3,328			-		3,328
5 year baseline average gross water use							3,245
2015 Compliance Year - Gross Water Use							
2015		2,404	-		-		2,404
* NOTE that the units of measure must remain consistent throughout the UWMP, as reported in Table 2-3							
NOTES: See Table 2-10, "Baseline Water Use."							

SB X7-7 Table 4-A: Volume Entering the Distribution System(s)

Complete one table for each source.

Name of Source		Groundwater		
This water source is:				
<input checked="" type="checkbox"/>	The supplier's own water source			
<input type="checkbox"/>	A purchased or imported source			
Baseline Year <i>Fm SB X7-7 Table 3</i>		Volume Entering Distribution System	Meter Error Adjustment <i>* Optional (+/-)</i>	Corrected Volume Entering Distribution System
10 to 15 Year Baseline - Water into Distribution System				
Year 1	1995	3,013		3,013
Year 2	1996	3,145		3,145
Year 3	1997	2,927		2,927
Year 4	1998	2,993		2,993
Year 5	1999	3,013		3,013
Year 6	2000	3,248		3,248
Year 7	2001	3,105		3,105
Year 8	2002	3,416		3,416
Year 9	2003	3,200		3,200
Year 10	2004	3,203		3,203
Year 11	0			-
Year 12	0			-
Year 13	0			-
Year 14	0			-
Year 15	0			-
5 Year Baseline - Water into Distribution System				
Year 1	2003	3,200		3,200
Year 2	2004	3,203		3,203
Year 3	2005	3,152		3,152
Year 4	2006	3,340		3,340
Year 5	2007	3,328		3,328
2015 Compliance Year - Water into Distribution System				
2015		2,404		2,404
<i>* Meter Error Adjustment - See guidance in Methodology 1, Step 3 of Methodologies Document</i>				
NOTES:				

SB X7-7 Table 5: Gallons Per Capita Per Day (GPCD)

Baseline Year <i>Fm SB X7-7 Table 3</i>		Service Area Population <i>Fm SB X7-7 Table 3</i>	Annual Gross Water Use <i>Fm SB X7-7 Table 4</i>	Daily Per Capita Water Use (GPCD)
10 to 15 Year Baseline GPCD				
Year 1	1995	15,908	3,013	169
Year 2	1996	14,918	3,145	188
Year 3	1997	15,179	2,927	172
Year 4	1998	15,433	2,993	173
Year 5	1999	15,634	3,013	172
Year 6	2000	15,846	3,248	183
Year 7	2001	15,858	3,105	175
Year 8	2002	15,859	3,416	192
Year 9	2003	15,865	3,200	180
Year 10	2004	16,225	3,203	176
<i>Year 11</i>	0	-	-	
<i>Year 12</i>	0	-	-	
<i>Year 13</i>	0	-	-	
<i>Year 14</i>	0	-	-	
<i>Year 15</i>	0	-	-	
10-15 Year Average Baseline GPCD				178
5 Year Baseline GPCD				
Baseline Year <i>Fm SB X7-7 Table 3</i>		Service Area Population <i>Fm SB X7-7 Table 3</i>	Gross Water Use <i>Fm SB X7-7 Table 4</i>	Daily Per Capita Water Use
Year 1	2003	15,865	3,200	180
Year 2	2004	16,225	3,203	176
Year 3	2005	17,061	3,152	165
Year 4	2006	17,662	3,340	169
Year 5	2007	17,859	3,328	166
5 Year Average Baseline GPCD				171
2015 Compliance Year GPCD				
2015		14,985	2,404	143
NOTES: See Table 2-10, "Baseline Water Use."				

SB X7-7 Table 6: Gallons per Capita per Day
Summary From Table SB X7-7 Table 5

10-15 Year Baseline GPCD	178
5 Year Baseline GPCD	171
2015 Compliance Year GPCD	143
NOTES:	

SB X7-7 Table 7: 2020 Target Method
Select Only One

Target Method		Supporting Documentation
<input type="checkbox"/>	Method 1	SB X7-7 Table 7A
<input type="checkbox"/>	Method 2	SB X7-7 Tables 7B, 7C, and 7D <i>Contact DWR for these tables</i>
<input checked="" type="checkbox"/>	Method 3	SB X7-7 Table 7-E
<input type="checkbox"/>	Method 4	Method 4 Calculator
NOTES:		

SB X7-7 Table 7-E: Target Method 3				
Agency May Select More Than One as Applicable	Percentage of Service Area in This Hydrological Region	Hydrologic Region	"2020 Plan" Regional Targets	Method 3 Regional Targets (95%)
<input type="checkbox"/>		North Coast	137	130
<input type="checkbox"/>		North Lahontan	173	164
<input type="checkbox"/>		Sacramento River	176	167
<input type="checkbox"/>		San Francisco Bay	131	124
<input type="checkbox"/>		San Joaquin River	174	165
<input type="checkbox"/>		Central Coast	123	117
<input type="checkbox"/>		Tulare Lake	188	179
<input type="checkbox"/>		South Lahontan	170	162
<input type="checkbox"/>		South Coast	149	142
<input checked="" type="checkbox"/>	100%	Colorado River	211	200
Target <i>(If more than one region is selected, this value is calculated.)</i>				200
NOTES:				

SB X7-7 Table 7-F: Confirm Minimum Reduction for 2020 Target			
5 Year Baseline GPCD From SB X7-7 Table 5	Maximum 2020 Target ¹	Calculated 2020 Target ²	Confirmed 2020 Target
171	163	163	163
¹ Maximum 2020 Target is 95% of the 5 Year Baseline GPCD ² 2020 Target is calculated based on the selected Target Method, see SB X7-7 Table 7 and corresponding tables for agency's calculated target.			
NOTES: See Table 2-11, "Components of Target Daily Per Capita Water Use."			

SB X7-7 Table 8: 2015 Interim Target GPCD

Confirmed 2020 Target <i>Fm SB X7-7 Table 7-F</i>	10-15 year Baseline GPCD <i>Fm SB X7-7 Table 5</i>	2015 Interim Target GPCD
163	178	170
NOTES: See Table 2-11, "Components of Target Daily Per Capita Water Use."		

SB X7-7 Table 9: 2015 Compliance

Actual 2015 GPCD	2015 Interim Target GPCD	Optional Adjustments (in GPCD)					2015 GPCD (Adjusted if applicable)	Did Supplier Achieve Targeted Reduction for 2015?
		Enter "0" if Adjustment Not Used			TOTAL Adjustments	Adjusted 2015 GPCD		
		Extraordinary Events	Weather Normalization	Economic Adjustment				
143	170	<i>From Methodology 8 (Optional)</i>	<i>From Methodology 8 (Optional)</i>	<i>From Methodology 8 (Optional)</i>	-	143	143	YES
NOTES:								

RESOLUTION 17-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TWENTYNINE PALMS WATER DISTRICT ADOPTING AMENDMENTS TO THE 2015 URBAN WATER MANAGEMENT PLAN AND WATER SHORTAGE CONTINGENCY PLAN

WHEREAS, the California Urban Water Management Planning Act, Water Code section 10610 et seq. (the Act) mandates that every urban water supplier providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare and adopt an updated Urban Water Management Plan at least once every five years; and

WHEREAS, Twentynine Palms Water District (TPWD) is an urban water supplier for the purposes of the Act, and approved and adopted its most recent 2010 Urban Water Management Plan (UWMP) and submitted that UWMP to the California Department of Water Resources in July 2011; and

WHEREAS, TPWD, in accordance with applicable law including requirements of the Act and the Water Conservation Act of 2009 has prepared its 2015 UWMP and has undertaken certain agency coordination, public notice, public involvement and outreach, public comment, and other procedures in relation to its 2015 UWMP; and

WHEREAS, TPWD has prepared its 2015 UWMP with its own staff, with the assistance of consulting professionals, and in cooperation with other governmental agencies and has utilized and relied upon industry standards and the expertise of industry professionals in preparing its UWMP and has utilized and relied upon the Department of Water Resources 2015 Urban Water Management Plans Guidebook to Assist Urban Water Suppliers (March 2016); and

WHEREAS, California Water Code section 10632 requires water agencies to plan for water shortages of up to 50 percent as part of their Urban Water Management Plan; and

WHEREAS, TPWD has prepared an update to its Water Shortage Contingency Plan (WSCP); and

WHEREAS, the WSCP is consistent with the California Water Code sections 350 through 359 and section 10632, and guidance provided by the California Department of Water Resources Urban Drought Guidebook 2008 Updated Edition; and

WHEREAS, in accordance with applicable law, including Water Code sections 10608.26 and 10642, and Government Code section 6066, the TPWD made its Draft 2015 UWMP and WSCP available for public inspection, and caused to be published within the jurisdiction of the TPWD at least two notices of public hearing

regarding the TPWD's 2015 UWMP and WSCP, which publication dates included May 12, 2016 and May 19, 2016.

WHEREAS, the TPWD held its public hearing on May 25, 2016, and adopted the 2015 UWMP and WSCP on June 22, 2016 in the Board Room of the TPWD, located at 72401 Hatch Road, Twentynine Palms, California, regarding tis 2015 UWMP and WSCP, wherein, among other things, members of the public and other interested entities were provided with the opportunity to be heard in connection with the TPWD's 2015 UWMP and WSCP and the proposed adoption thereof; and

WHEREAS, the DWR in its review of the 2015 UWMP and WSCP sent an Advisory Letter to TWPD dated October 31, 2016 indicating that CWC 10608.20(e) required element had not been addressed according to the CWC and directed the TPWD to amend its 2015 UWMP to address this required element; and

WHEREAS, the TPWD has 120 days from the date the Advisory Letter was received to submit an amended and adopted UWMP to DWR; and

WHEREAS, the Board of Directors of TPWD has reviewed and considered the purposes and requirements of the Urban Water Management Planning Act and the Water Conservation Act of 2009, the contents of the amendments to the 2015 UWMP and WSCP, the documentation contained in the administrative record in support of the 2015 UWMP and WSCP, and all public and agency input received with regard to the 2015 UWMP and WSCP, and has determined that the factual analyses and conclusions set forth in the amended 2015 UWMP and WSCP are supported by substantial evidence

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

1. The TPWD Board of Directors hereby approves and adopts the amended 2015 Urban Water Management for Twentynine Palms Water District and the Water Shortage Contingency Plan (2016) ordered filed with the Secretary of the Board.
2. The General Manager is hereby authorized and directed to include a copy of this Resolution in the amended 2015 Urban Water Management Plan for Twentynine Palms Water District and, in accordance with Water Code section 10644(a), to file the 2015 Urban Water Management Plan for Twentynine Palms Water District with the California Department of Water Resources, the California State Library, and any city or county within which the TPWD provides water supplies within thirty (30) days of this adoption date.
3. The General Manager is hereby authorized and directed, in accordance with Water Code section 10645, to make the 2015 Urban Water Management Plan for Twentynine Palms Water District

available for public review during normal business hours not later than thirty (30) days after filing a copy thereof with the California Department of Water Resources.

4. The General Manager is hereby authorized and directed, in accordance with Water Code section 10635(b), to provide that portion of the 2015 Urban Water Management Plan for Twentynine Palms Water District prepared pursuant to Water Code section 10635(a) to any city or county within which the TPWD provides water supplies not later than sixty (60) days after filing a copy thereof with the California Department of Water Resources.
5. The General Manager is hereby authorized and directed to implement the components of the 2015 Urban Water Management Plan for Twentynine Palms Water District in accordance with the Urban Water Management Planning Act and the Water Conservation Act of 2009, including but not limited to, the TPWD's Water Conservation Programs and its Water Shortage Contingency Plan.
6. The General Manager is hereby authorized and directed to recommend to the Board of Directors additional steps necessary or appropriate to effectively carry out the implementation of the 2015 Urban Water Management Plan for Twentynine Palms Water District, the Urban Water Management Planning Act and the Water Conservation Act of 2009.

PASSED, APPROVED AND ADOPTED this 25th day of January 2017 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Kerron E. Moore, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

3

TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	JANUARY 20, 2017
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE RESOLUTION 17-02 AUTHORIZING AND PLEDGING REVENUES AND FUNDS TO SATISFY REPAYMENT OBLIGATIONS FOR THE FINANCIAL ASSISTANCE AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR THE POTABLE GROUNDWATER MANAGEMENT PROJECT

BACKGROUND AND DISCUSSION

The District has been working with Kennedy/Jenks Consultants to prepare and file a grant application to the State of California Drinking Water State Revolving Fund (SRF). The application was submitted in March of 2016 and has been going through the review process with the State. One element that is required once the application reaches a certain stage in the review process is to have the District approve and adopt a resolution demonstrating to the State that the District is committed to repayment of funds received by the State in the form of a low interest loan.

The scope of the project that was submitted to the State titled "Potable Groundwater Management Project" is attached for reference.

RECOMMENDATION

To approve and adopt Resolution 17-02 Authorizing and Pledging Revenues and Funds to Satisfy Repayment Obligations for the Financial Assistance Agreement with the California State Water Resources Control Board for the Potable Groundwater Management Project.

Scope of the Project
Twentynine Palms Water District
Potable Groundwater Management Project

The Twentynine Palms Water District (District) anticipates planning and design for treatment systems to respond to the presence of elevated concentrations of hexavalent chromium in groundwater. The District is also planning for the installation of additional fluoride removal facilities. The chromium response process is subject to the requirements of Senate Bill (SB) 385. The currently anticipated project scope, through the end of design, is summarized below. The subsequent construction phase of the project will include additional scope elements.

Task No.	Task Scope
1	<p>Project Evaluation and Pre-Design Engineering</p> <ul style="list-style-type: none"> • Submit Notice of Intent (NOI) in accordance with SB 385 • Clarify challenges and constraints for water supply • Review and evaluate available water quality data to characterize well-specific water quality for pre-design • Identify water treatment and/or blending alternatives needed to meet water quality standards and system water demands • Develop evaluation criteria, including cost and non-cost factors, and evaluate and compare alternatives • Document evaluation process • Prepare and submit Hexavalent Chromium Compliance Plan in accordance with SB 385
2	<p>Hydrogeological/Geotechnical and Site Surveying</p> <ul style="list-style-type: none"> • Identify potential locations for test wells • Identify potential locations for additional water treatment facilities • Perform geotechnical borings to assess soil conditions • Conduct necessary land surveys • Perform water system modeling to evaluate potential combination of service areas

Task No.	Task Scope
3	<p>Drilling of Test Wells</p> <ul style="list-style-type: none"> • Identify locations and target depths for test wells • Potential aquifer pumping tests • Perform water quality sampling • Evaluate vertical zones contributing hexavalent chromium
4	<p>Water Treatment Pilot Study</p> <ul style="list-style-type: none"> • Identify and select technology vendors to perform pilot studies • Evaluate operational constraints and considerations for potential hexavalent chromium treatment systems • As necessary, evaluate interaction between hexavalent chromium and fluoride treatment processes • Prepare report to document pilot studies and present recommendations and cost opinions
5	<p>Engineering Report</p> <ul style="list-style-type: none"> • Revise/confirm approach • Prepare and submit engineering report to document technical evaluations performed (including field work and pilot study results), summary of alternatives evaluated, selection of preferred alternative and proposed construction project, opinion of probable construction costs and operation costs.
6	<p>CEQA/NEPA</p> <ul style="list-style-type: none"> • Perform necessary environmental studies and evaluations • Prepare and approve necessary CEQA documents (a Mitigated Negative Declaration or Negative Declaration) is presumed
7	<p>Technical Managerial Financial (TMF) Assessment</p>
8	<p>Design of Proposed Facilities - potentially including:</p> <ul style="list-style-type: none"> • Additional wells, pumps and system connections • Chromium removal (potential blending)

Task No.	Task Scope
	<ul style="list-style-type: none"><li data-bbox="402 300 805 331">• Additional fluoride treatment<li data-bbox="402 363 862 394">• Prepare plans and specifications<li data-bbox="402 426 902 457">• Prepare opinion of construction cost
9	Permitting (construction, DDW, etc.)
10	Miscellaneous Items to Proceed to Construction <ul style="list-style-type: none"><li data-bbox="402 625 1008 657">• Identify cost of necessary land or easements

Conceptual Project Budget for Planning
Twentynine Palms Water District
Potable Groundwater Management Project

The conceptual opinion of probable costs for each of the component tasks is presented in the following table. It is expected that the costs will be revised as the scope is further developed.

Task No.	Task Scope	Cost (\$1,000)
1	Project Evaluation and Pre-Design Engineering	100
2	Hydrogeological/Geotechnical and Site Surveying	300
3	Drilling of Test Wells	500
4	Water Treatment Pilot Study	300
5	Engineering Report	150
6.1	CEQA/NEPA	0.5
6.2	CEQA/NEPA Contingency	34.5
7	Technical Managerial Financial (TMF) Assessment	35
8	Design of Proposed Facilities	200
9	Permitting (construction, DDW, etc.)	75
10	Miscellaneous Items to Proceed to Construction	75
	Subtotal	\$1,770
	25% Planning Contingency	440
	Total	\$2,210

Conceptual Project Schedule for Planning
Twentynine Palms Water District
Potable Groundwater Management Project

The conceptual schedule for the planning phase of the project is presented in the following table. The construction schedule will be developed following completion of the planning and design phases. It is expected that the schedule will be adjusted as the scope is further developed and additional information is obtained.

Task No.	Task Scope	Expected Time of Completion from the Date of Execution of Funding Agreement^(a)
1	Project Evaluation and Pre-Design Engineering	3 months
2	Hydrogeological/Geotechnical and Site Surveying	6 months
3	Drilling of Test Wells	12 months
4	Water Treatment Pilot Study	15 months
5	Engineering Report	16 months
6	CEQA/NEPA	18 months
7	Technical Managerial Financial (TMF) Assessment	20 months
8	Design of Proposed Facilities	28 months
9	Permitting (construction, DDW, etc.)	30 months
10	Miscellaneous Items to Proceed to Construction	32 months

Notes:

- (a) Dates presented as estimated elapsed time following execution of Funding Agreement.
- (b) District must be in compliance with MCL for hexavalent chromium by 1 January 2020 (42 months following assumed date of 1 July 2016 for Funding Agreement).
- (c) Variance regarding compliance with fluoride MCL expires in 2023.

RESOLUTION 17-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TWENTYNINE PALMS WATER DISTRICT AUTHORIZING AND PLEDGING REVENUES AND FUNDS TO SATISFY REPAYMENT OBLIGATIONS FOR THE FINANCIAL ASSISTANCE AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR THE POTABLE GROUNDWATER MANAGEMENT PROJECT

WHEREAS, the Twentynine Palms Water District seeks financing from the California State Water Resources Control Board, Division of Financial Assistance, for the Twentynine Palms Potable Groundwater Management Project; and,

WHEREAS, the District shall designate and maintain funding sources for its repayment obligation under the financial assistance agreement with the State Water Board; and

WHEREAS, the Twentynine Palms Water District authorizes the General Manager to sign financing agreement, amendments, and certifications for funding under the Drinking Water State Revolving Fund (DWSRF); Authorizes the General Manager to approve claims for reimbursement; Execute budget and expenditure summary; Sign the final release form; Sign the Certification of Project Completion; and Pledge and dedicate net water revenues and its water enterprise fund to payment of DWSRF Financing for the project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Twentynine Palms Water District commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the Twentynine Palms Water District has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board.

BE IT FURTHER RESOLVED that so long as the financing agreement(s) are outstanding, the Twentynine Palms Water District pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the District commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

PASSED, APPROVED AND ADOPTED this 25th day of January 2017 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Kerron E. Moore, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	JANUARY 20, 2017
FROM:	CINDY BYERRUM, FINANCIAL CONSULTANT
SUBJECT:	PRESENTATION AND CONSIDERATION TO RECEIVE AND FILE THE TWENTYNINE PALMS WATER DISTRICT'S FISCAL YEAR 2015/2016 AUDITED FINANCIAL STATEMENTS

BACKGROUND AND DISCUSSION

The Fiscal Year 2015-16 District's audit consists of five parts, which are provided as attachments:

- Independent Auditor's Report: An audit report cover letter from The Pun Group outlining the auditor's professional responsibilities, accounting basis, and opinion on whether the financial statements comply with Generally Accepted Accounting Practices
- Auditor Report on Internal Controls: A report identifying and disclosing any material weaknesses or significant deficiencies in internal controls.
- Management's Discussion and Analysis: This section summarizes the financial statements and explains any major changes from the prior fiscal year to the current fiscal year.
- Twentynine Palms Water District Financial Statements: A depiction of the agency's governmental and enterprise activities and each major fund for FY 2015-16.
- Notes to the Basic Financial Statements: The footnotes provide information in greater detail on the District's financial policies, accounting, retirement plan, and other financial matters.

In preparation for and during the audit, the District staff and independent CPA jointly prepared materials and worked directly with the auditing team. In addition to a review of these documents, the audit team performed several days of fieldwork at the District office to complete the audit process.

DISTRICT'S FY 2015-16 AUDITED FINANCIAL STATEMENTS

The auditor found the District's financial reporting to be in compliance with Generally Accepted Accounting Principles, and as such, issued an Unqualified Opinion, the highest level opinion an entity can receive. Additionally, the Report on Internal Controls noted that the District had no significant deficiencies or material weaknesses in internal controls. Further, the auditor noted no transactions that were both significant and unusual, and no misstatements were identified during the audit.

RECOMMENDATION

Receive and file Twentynine Palms Water District's FY 2015/2016 audited financial statements.

Twentynine Palms Water District

Twentynine Palms, California

Annual Financial Report

For the Fiscal Year Ended June 30, 2016



**Twentynine Palms Water District
Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Twentynine Palms Water District
Twentynine Palms, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Twentynine Palms Water District (District) as of and for the year ended June 30, 2016, and the related notes to the basic 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the Twentynine Palms Water District
Twentynine Palms, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 10 and the Budgetary Comparison Schedule – Fire Protection Fund, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and the Schedule of the District's Contributions to the Pension Plan and Schedule of Funding Progress – Other Post-Employment Benefits Plan on pages 61 through 64, respectively, are 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, 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 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 compliance.

Santa Ana, California
December 31, 2016



**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***

Independent Auditors' Report

To the Board of Directors
of the Twentynine Palms Water District
Twentynine Palms, California

We have audited, in accordance with the 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 Controller General of the United States, the governmental activities, the business-type activities, and each major fund of the Twentynine Palms Water District (District) as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 31, 2016

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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*.

To the Board of Directors
of the Twentynine Palms Water District
Twentynine Palms, California

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

Santa Ana, California
December 31, 2016

Twentynine Palms Water District Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2016

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Twentynine Palms Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position decreased 0.5%, or \$(163,788) from \$29,994,362 to \$29,830,574, as a result of this year's operations.
- Total revenues from all sources decreased by 2.1%, or \$(121,722) from \$5,741,269 to \$5,619,547, from the prior year, primarily due to an decrease of \$60,598 in the fire protection special assessment, \$23,431 in water consumption sales, and \$28,751 in water service charges.
- Total expenses for the District's operations decreased by 2.0% or \$(120,914) from \$5,904,249 to \$5,783,335, from the prior year, primarily due to a \$135,457 increase in salaries and benefits in the governmental funds along with a \$(290,626) decrease in general and administrative expenses in the business-type expenses.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the District's property tax base to assess the *overall health* of the District.

Twentynine Palms Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and compliance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$29,830,574 as of June 30, 2016.

Statements of Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
ASSETS:						
Other assets	\$ 1,306,393	\$ 1,350,155	\$ 7,151,797	\$ 7,791,455	\$ 8,458,190	\$ 9,141,610
Capital assets, net	489,495	569,177	24,248,317	23,572,086	24,737,812	24,141,263
Total assets	1,795,888	1,919,332	31,400,114	31,363,541	33,196,002	33,282,873
DEFERRED OUTFLOWS OF RESOURCES	531,540	98,539	196,961	158,842	728,501	257,381
LIABILITIES:						
Other liabilities	460,663	34,724	579,467	503,008	1,040,130	537,732
Long-term obligations	517,356	505,228	2,181,819	1,890,626	2,699,175	2,395,854
Total liabilities	978,019	539,952	2,761,286	2,393,634	3,739,305	2,933,586
DEFERRED INFLOWS OF RESOURCES	99,757	167,965	254,867	444,341	354,624	612,306
NET POSITION						
Net investment in capital assets	489,495	569,177	24,248,317	23,572,086	24,737,812	24,141,263
Unrestricted	760,157	740,777	4,332,605	5,112,322	5,092,762	5,853,099
Total net position	\$ 1,249,652	\$ 1,309,954	\$ 28,580,922	\$ 28,684,408	\$ 29,830,574	\$ 29,994,362

At the end of fiscal year 2016, the District shows a positive balance in its unrestricted net position of \$5,092,762 that may be utilized in future years.

Twentynine Palms Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

Statements of Activities

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
REVENUES:						
Program revenues	\$ 1,265,700	\$ 1,351,981	\$ 4,106,807	\$ 4,121,273	\$ 5,372,507	\$ 5,473,254
General revenues	65,017	59,650	182,023	208,365	247,040	268,015
Total revenues	1,330,717	1,411,631	4,288,830	4,329,638	5,619,547	5,741,269
EXPENSES:						
Fire protection	1,391,019	1,202,652	-	-	1,391,019	1,202,652
Water operations	-	-	4,392,316	4,701,597	4,392,316	4,701,597
Total expenses	1,391,019	1,202,652	4,392,316	4,701,597	5,783,335	5,904,249
Change in net position	(60,302)	208,979	(103,486)	(371,959)	(163,788)	(162,980)
NET POSITION:						
Beginning of year	1,309,954	1,100,975	28,684,408	29,056,367	29,994,362	30,157,342
End of year	\$ 1,249,652	\$ 1,309,954	\$ 28,580,922	\$ 28,684,408	\$ 29,830,574	\$ 29,994,362

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position decreased by \$(163,788), during the fiscal year ended June 30, 2016.

Governmental Revenues

Governmental revenues:	Balance	Balance	Change
	June 30, 2016	June 30, 2015	
Fire protection special assessment	\$ 1,200,537	\$ 1,261,135	\$ (60,598)
Charges for services	10,547	6,671	3,876
Fines, penalties and other	50,457	62,611	(12,154)
Other revenues	240	16,312	(16,072)
Operating grants and contributions	3,919	5,252	(1,333)
Investment earnings	2,955	2,642	313
Transfers in	62,062	57,008	5,054
Total governmental revenues	\$ 1,330,717	\$ 1,411,631	\$ (80,914)

Governmental revenues decreased \$(80,914) for the fiscal year ended June 30, 2016.

Twentynine Palms Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

Business-type Revenues

Business-type revenues:	Balance June 30, 2016	Balance June 30, 2015	Change
Water consumption sales	\$ 2,321,111	\$ 2,344,542	\$ (23,431)
Water service charges	1,061,643	1,090,394	(28,751)
Water availability charge	604,184	574,502	29,682
Other service charges	119,869	111,835	8,034
Rental revenue	124,374	114,016	10,358
Investment earnings	25,826	14,701	11,125
Other non-operating revenue	93,885	136,656	(42,771)
Transfer to fire fund	(62,062)	(57,008)	(5,054)
Total business-type revenues	\$ 4,288,830	\$ 4,329,638	\$ (40,808)

Business-type revenues decreased \$(40,808) for the fiscal year ended June 30, 2016.

Expenses

Governmental Expenses

Governmental expenses:	Balance June 30, 2016	Balance June 30, 2015	Change
Salaries and benefits	\$ 923,693	\$ 788,236	\$ 135,457
Materials and services	387,644	333,632	54,012
Depreciation expense	79,682	80,784	(1,102)
Total expenses	\$ 1,391,019	\$ 1,202,652	\$ 188,367

Governmental expenses increased \$188,367 for the fiscal year ended June 30, 2016.

Business-type Expenses

Business-type expenses:	Balance June 30, 2016	Balance June 30, 2015	Change
Source of supply	\$ 250,941	\$ 269,853	\$ (18,912)
Pumping	174,177	176,821	(2,644)
Transmission and distribution	784,798	766,264	18,534
Customer accounts	177,368	132,798	44,570
General plant	552,073	541,858	10,215
General and administrative	1,120,776	1,411,402	(290,626)
Depreciation expense	1,332,183	1,402,601	(70,418)
Total expenses	\$ 4,392,316	\$ 4,701,597	\$ (309,281)

Business-type expenses decreased \$(309,281) for the fiscal year ended June 30, 2016.

Twentynine Palms Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

Governmental Funds:

As of June 30, 2016, the District reported a total fund balance of \$845,730. An amount of \$510,301 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

Proprietary Funds:

As of June 30, 2016, the District reported a net position of \$28,580,922. An amount of \$4,332,605 constitutes the District's *unrestricted net position* balance which is available for future operations.

Governmental Funds Budgetary Highlights

The final budgeted expenditures for the District's Fire Protection Fund at year-end was \$519,801 less than actual. The variance is principally due to an increase of \$553,425 in expenditures for salaries and benefits than budgeted. Actual revenues were more than the anticipated budget by \$19,071.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance June 30, 2016	Balance June 30, 2015
Non-depreciable capital assets	\$ 2,263,770	\$ 816,343
Depreciable capital assets	48,110,772	47,695,964
Total capital assets	50,374,542	48,512,307
Accumulated depreciation	(25,636,730)	(24,371,044)
Total capital assets, net	\$ 24,737,812	\$ 24,141,263

At the end of fiscal year 2016, the District's investment in capital assets amounted to \$24,737,812 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, fire equipment, transmission and distribution system and water equipment and construction-in-process. Major capital asset additions during the year include various improvements and equipment purchases totaling \$2,008,414. See note 4 for further information on the District's capital assets.

Twentynine Palms Water District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Fiscal Year Ended June 30, 2016

Economic and Other Factors Effecting Next Year's Operations and Budget

Fire Protection Fund

On July 1, 2016, the District's Fire Protection Fund operations were annexed to the San Bernardino County Fire Protection District per the San Bernardino County LAFCO decision on February 17, 2016.

Contacting the District's Financial Management Team

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District at the Twentynine Palms Water District, 72401 Hatch Road Twentynine Palms, California 92277 or (760) -367-7546.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Twentynine Palms Water District
Statement of Net Position
June 30, 2016

<u>ASSETS</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and investments (Note 2)	\$ 837,628	\$ 6,058,826	\$ 6,896,454
Accrued interest receivable	-	8,564	8,564
Accounts receivable, net (Note 3)	-	667,841	667,841
Special assessments receivable (Note 4)	166,338	71,384	237,722
Accounts receivable – other	-	7,698	7,698
Materials and supplies inventory	-	193,597	193,597
Prepaid items	302,427	143,887	446,314
Capital assets – not being depreciated (Note 5)	57,519	2,206,251	2,263,770
Capital assets – being depreciated, net (Note 5)	431,976	22,042,066	22,474,042
Total assets	1,795,888	31,400,114	33,196,002
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions made after the measurement date (Note 8)	519,038	163,027	682,065
Difference between actual and proportionate share of employer contributions (Note 8)	12,103	7,057	19,160
Adjustment due to differences in proportions (Note 8)	399	17,484	17,883
Differences between expected and actual experience (Note 8)	-	9,393	9,393
Total deferred outflows of resources	531,540	196,961	728,501
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	77,534	198,431	275,965
Accrued salaries and benefits	133,129	37,305	170,434
Unearned revenues and deposits	250,000	343,731	593,731
Compensated absences (Note 6)	31,601	52,506	84,107
Net other post-employment benefits obligation (Note 7)	-	677,110	677,110
Aggregate net pension liability (Note 8)	485,755	1,452,203	1,937,958
Total liabilities	978,019	2,761,286	3,739,305
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Differences between projected and actual earnings on pension plan investments (Note 8)	25,855	44,544	70,399
Difference between actual and proportionate share of employer contributions (Note 8)	-	74,594	74,594
Adjustment due to differences in proportions (Note 8)	11,789	46,868	58,657
Differences between expected and actual experience (Note 8)	11,093	-	11,093
Changes in assumptions (Note 8)	51,020	88,861	139,881
Total deferred outflows of resources	99,757	254,867	354,624
<u>NET POSITION</u>			
Investment in capital assets	489,495	24,248,317	24,737,812
Unrestricted	760,157	4,332,605	5,092,762
Total net position	\$ 1,249,652	\$ 28,580,922	\$ 29,830,574

Twentynine Palms Water District
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Capital and Operating Grants</u>
Primary government:			
Governmental activities:			
Fire protection	\$ 1,391,019	\$ 1,261,781	\$ 3,919
Business-type activities:			
Water operations	<u>4,392,316</u>	<u>4,106,807</u>	<u>-</u>
Total primary government	<u><u>\$ 5,783,335</u></u>	<u><u>\$ 5,368,588</u></u>	<u><u>\$ 3,919</u></u>

Twentynine Palms Water District
Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
Fire protection	\$ (125,319)	\$ -	\$ (125,319)
Business-type activities:			
Water operations	-	(285,509)	(285,509)
Total primary government	(125,319)	(285,509)	(285,509)
General Revenues:			
Rental revenue	-	124,374	124,374
Investment earnings	2,955	25,826	28,781
Other revenue	-	93,885	93,885
Transfers (Note 9)	62,062	(62,062)	-
Total general revenues	65,017	182,023	247,040
Change in net position	(60,302)	(103,486)	(163,788)
Net Position:			
Beginning of year	1,309,954	28,684,408	29,994,362
End of year	\$ 1,249,652	\$ 28,580,922	\$ 29,830,574

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FUND FINANCIAL STATEMENTS

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Twentynine Palms Water District
Balance Sheets
Governmental Funds
June 30, 2016

<u>ASSETS</u>	<u>Fire Protection Fund</u>	<u>Special Revenue Explorers Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 836,227	\$ 1,401	\$ 837,628
Special assessments receivable	166,338	-	166,338
Prepaid items	302,427	-	302,427
Total assets	\$ 1,304,992	\$ 1,401	\$ 1,306,393
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 77,534	\$ -	\$ 77,534
Accrued salaries and benefits	133,129	-	133,129
Unearned revenues	250,000	-	250,000
Total liabilities	460,663	-	460,663
Fund Balances: (Note 10)			
Nonspendable	302,427	-	302,427
Assigned	31,601	1,401	33,002
Unassigned	510,301	-	510,301
Total fund balances	844,329	1,401	845,730
Total liabilities and fund balances	\$ 1,304,992	\$ 1,401	\$ 1,306,393

Twentynine Palms Water District
Reconciliation of the Balance Sheets of Governmental Funds to the
Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances – Total Governmental Funds	<u>\$ 845,730</u>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	489,495
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	531,540
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(31,601)
Net pension liability	(485,755)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(99,757)</u>
Total adjustments	<u>403,922</u>
Net Position of Governmental Activities	<u><u>\$ 1,249,652</u></u>

Twentynine Palms Water District
Statements of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>Fire Protection Fund</u>	<u>Special Revenue Explorers Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Fire protection special assessment	\$ 1,200,537	\$ -	\$ 1,200,537
Charges for services	10,547	-	10,547
Fines, penalties and other	50,457	-	50,457
Other revenues	240	-	240
Operating grants and contributions	35	3,884	3,919
Investment earnings	2,955	-	2,955
Total revenues	<u>1,264,771</u>	<u>3,884</u>	<u>1,268,655</u>
EXPENDITURES:			
Current:			
Salaries and benefits	1,420,585	-	1,420,585
Materials and services	383,926	3,718	387,644
Total expenditures	<u>1,804,511</u>	<u>3,718</u>	<u>1,808,229</u>
REVENUES OVER(UNDER) EXPENDITURES	(539,740)	166	(539,574)
OTHER FINANCING SOURCES(USES):			
Transfer from water fund	62,062	-	62,062
Total other financing sources(uses)	<u>62,062</u>	<u>-</u>	<u>62,062</u>
NET CHANGE IN FUND BALANCES	(477,678)	166	(477,512)
FUND BALANCES:			
Beginning of year	1,322,007	1,235	1,323,242
End of year	<u>\$ 844,329</u>	<u>\$ 1,401</u>	<u>\$ 845,730</u>

Twentynine Palms Water District
Reconciliation of the Statements of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Ended June 30, 2016

Net Change in Fund Balances – Total Governmental Funds	<u>\$ (477,512)</u>
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as	
Change in compensated absences	(359)
Change in net pension liability	497,251
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	<u>(79,682)</u>
Total adjustments	<u>417,210</u>
Change in Net Position of Governmental Activities	<u><u>\$ (60,302)</u></u>

PROPRIETARY FUND FINANCIAL STATEMENTS

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Twentynine Palms Water District
Balance Sheet
June 30, 2016

ASSETS

Current assets:	
Cash and investments	\$ 6,058,826
Accrued interest receivable	8,564
Accounts receivable – water sales and services, net	667,841
Special assessments receivable	71,384
Accounts receivable – other	7,698
Materials and supplies inventory	193,597
Prepaid items	143,887
Total current assets	7,151,797
Non-current assets:	
Capital assets – not being depreciated	2,206,251
Capital assets – being depreciated, net	22,042,066
Total non-current assets	24,248,317
Total assets	31,400,114

DEFERRED OUTFLOWS OF RESOURCES

Pension contributions made after measurement date	163,027
Difference between actual and proportionate share of employer contributions	7,057
Adjustment due to difference in proportions	17,484
Differences between expected and actual experience	9,393
Total deferred outflows of resources	196,961
Total assets and deferred outflows of resources	\$ 31,597,075

LIABILITIES

Current liabilities:	
Accounts payable and accrued expenses	\$ 198,431
Accrued salaries and related payables	37,305
Unearned revenue and deposits	343,731
Long-term liabilities – due within one year:	
Compensated absences	18,377
Total current liabilities	597,844
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences	34,129
Net other post-employment benefits obligation	677,110
Net pension liability	1,452,203
Total non-current liabilities	2,163,442
Total liabilities	2,761,286

DEFERRED INFLOWS OF RESOURCES

Differences between projected and actual earnings on pension plan investments	44,544
Difference between actual and proportionate share of employer contributions	74,594
Adjustment due to differences in proportions	46,868
Changes in assumptions	88,861
Total deferred inflows of resources	254,867

NET POSITION

Net investment in capital assets	24,248,317
Unrestricted	4,332,605
Total net position	28,580,922
Total liabilities, deferred inflows of resources and net position	\$ 31,597,075

See accompanying Notes to the Basic Financial Statements.

Twentynine Palms Water District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

Operating revenues:	
Water consumption sales	\$ 2,321,111
Water service charges	1,061,643
Water availability charge	604,184
Other service charges	119,869
Total operating revenues	4,106,807
Operating expenses:	
Source of supply	250,941
Pumping	174,177
Transmission and distribution	784,798
Customer accounts	177,368
General plant	552,073
General and administrative	1,120,776
Total operating expenses	3,060,133
Operating income before depreciation	1,046,674
Depreciation expense	(1,332,183)
Operating (loss)	(285,509)
Non-operating revenues(expenses):	
Rental revenue	124,374
Investment earnings	25,826
Other non-operating revenue	93,885
Transfer to fire fund	(62,062)
Total non-operating revenues, net	182,023
Change in net position	(103,486)
Net position:	
Beginning of year	28,684,408
End of year	\$ 28,580,922

Twentynine Palms Water District
Statement of Cash Flows
For the Year Ending June 30, 2016

Cash flows from operating activities:

Cash receipts from customers and others	\$ 4,336,212
Cash paid to employees for salaries and benefits	(884,561)
Cash paid to vendors and suppliers for materials and services	<u>(2,166,348)</u>
Net cash provided by operating activities	<u>1,285,303</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	<u>(2,008,414)</u>
Net cash (used in) capital and related financing activities	<u>(2,008,414)</u>

Cash flows from investing activities:

Proceeds from investment earnings	<u>21,454</u>
Net cash provided by investing activities	<u>21,454</u>
Net (decrease) in cash and investments	(701,657)

Cash and investments:

Beginning of year	<u>6,760,483</u>
End of year	<u><u>\$ 6,058,826</u></u>

Twentynine Palms Water District
Statement of Cash Flows (Continued)
For the Year Ending June 30, 2016

Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	<u>\$ (285,509)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation expense	1,332,183
Rental revenue	124,374
Other non-operating revenue	93,885
Transfer to Fire fund	(62,062)
Changes in assets – (increase)decrease:	
Accounts receivable – water sales and services, net	(54,628)
Special assessments receivable	43,201
Accounts receivable – other	(5,896)
Materials and supplies inventory	11,391
Prepaid items	(51,695)
Change in deferred outflows of resources – (increase)decrease:	
Changes in liabilities – increase(decrease):	
Accounts payable and accrued expenses	55,117
Accrued salaries and related payables	9,531
Unearned revenue and deposits	28,469
Compensated absences	(2,651)
Net other post-employment benefits obligation	115,476
Net pension liability	161,710
Change in deferred inflows of resources – increase(decrease):	
Total adjustments	<u>1,570,812</u>
Net cash provided by operating activities	<u><u>\$ 1,285,303</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Twentynine Palms Water District (District) was formed in 1954 under the County Water District Law, Division 12 of the Water Code of the State of California, for the purpose of supplying potable water and for other statutory purposes, including fire protection. 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 criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Because the governing bodies are substantially the same as that of the District the component unit is considered a blended component unit, as follows:

The Twentynine Palms Water District Financing Corporation (Corporation) has a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standard Board Statement No. 61, for inclusion of the Corporation as a component unit of the District. The Corporation is governed by a five-member board appointed by the District board. Although it is legally separated from the District, the Corporation is reported as a blended component unit of the primary government because its sole purpose is to provide financing assistance to the District for construction and acquisition of major capital facilities. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues 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.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property 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. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

The District reports the following major funds:

Governmental Funds:

Fire Protection Fund – accounts for all financial resources of the District’s fire activities.

Special Revenue Fund – Explorers Fund – accounts for the donations received from a third-party not-for-profit organization that supports the District’s Fire Explorer program

Proprietary Funds:

Water Operations Fund – accounts for the funds received and expended for the District’s water utility.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Investments

Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

Special Assessments Receivable

The District contracts with the County of San Bernardino Tax Collector to collect the District's special assessments on the annual tax-roll billings. The County of San Bernardino Tax Collector remits the receipts from these collections to the District throughout the year.

Materials and Supplies Inventory

Inventories consist of expendable supplies and are valued at the lower of cost or market using first-in first-out basis.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Compensated Absences

The District's policy is to permit full time employees to accumulate earned vacation time, sick leave, and compensating time. Earned vacation time shall be earned by each employee subject to the accrual limitations and policies.

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets is equipment used at the District. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset Class</u>	<u>Useful Lives</u>
Buildings and structures	20-50 years
Improvements	20-70 years
Pumping and treatment equipment	10-25 years
Office equipment	3-10 years
Other equipment	3-20 years
Vehicles	5 years

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees are entitled to accumulate vacation leave. The total accumulated vacation time shall not exceed that amount earned by the employee in two years, not to exceed a maximum of 24 days per year, 48 days in a two year period. The employee will be required to accept compensation in lieu of vacation for the vacation time accrued in excess of the maximum in January of each year. 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. In accordance with generally accepted accounting principles, the liability is reflected on the balance sheet and the current year allocation has been expensed.

Sick leave with pay will be granted to each employee at the rate of (1) day per month. Accumulated sick leave will not be paid to employees upon termination of employment. In December of each year, as long as a water department employee has accrued in excess of 5 days sick leave, he/she may choose to either be paid for any sick leave in excess of the 5 days or leave it to accumulate. Employees who do not utilize unused sick leave accrued in excess of 5 days between December 1st and November 30th each year, may be reimbursed at the rate of 100 percent if they have been employed during the entire period. Fire department employees have the same option to be reimbursed for excess accrued sick leave; however, they can only be reimbursed for accruals in excess of 12 days. This payment shall be included in the December payroll. In accordance with generally accepted accounting principles, the liability is reflected on the balance sheet and the current year allocation has been expensed.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	<u>June 30, 2016</u>
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Measurement period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

Fund Balance

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.

Unassigned – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

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

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Accounting Changes

The District has implemented the following GASB Statements for the fiscal years ending June 30, 2016 as follows:

Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. Application of this statement is effective for fiscal year ending June 30, 2016.

Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). Application of this statement is effective for the District's fiscal year ending June 30, 2016, except those provisions that address employers and governmental nonemployer contributing entities that are not within the scope of GASB Statement 68, which are effective for financial statements for fiscal year ending June 30, 2017.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. Application of this statement is effective for fiscal year ending June 30, 2016.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments

Cash and investments as of June 30, 2016 consisted of the following:

Description	Balance
Cash on hand	\$ 1,550
Deposits held with financial institutions	1,611,404
Investments	5,283,500
Total cash and investments	\$ 6,896,454

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 California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). 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.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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 Code and the District's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or external investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

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.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments as of June 30, 2016.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

Authorized Investments and Investment Policy

<u>Investments</u>	<u>Measurement Input</u>	<u>Fair Value June 30, 2016</u>	<u>Maturity 12 Months or Less</u>
California Local Agency Investment Fund (LAIF)	Level 2	\$ 5,283,500	\$ 5,283,500
Total investments		<u>\$ 5,283,500</u>	<u>\$ 5,283,500</u>

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

External Investment Pools:

California Local Agency Investment Fund (LAIF)

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which 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 amounts based upon the entity'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. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2016, included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District has \$5,283,500 invested in LAIF, which had invested 2.81% of the pooled investment funds as of June 30, 2016 in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2016.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Accounts Receivable, Net

The accounts receivable, net balance as of June 30, 2016 consisted of the following:

Description	Balance
Accounts receivable – water sales and services	\$ 896,619
Allowance for doubtful accounts	(228,778)
Total accounts receivable, net	\$ 667,841

Note 4 – Special Assessments Receivable

The Water Fund receives water availability assessments of \$30 for each parcel that is one acre or less, whether serviced or unserved. These amounts are increased by amounts ranging from \$7.50 to \$8.00 per acre for incremental acreage.

The governmental fund receives a fire suppression special tax of \$80 for each unit. The units range in size from .25 to 1.0 for residential and from 1.0 to 4.0 for commercial, industrial and institutional units. The nonresidential units are based on the formula of one unit per each 3,000 square foot or portion thereof, or one unit per business/occupancy, whichever is greater. All parcels (improved or unimproved) greater than 5.0 acres shall be taxed an additional amount of \$2.00 per acre for each acre, or portion thereof, in excess of 5.0 acres.

The large parcel amount shall not exceed the amount of \$150.00 per parcel per fiscal year and shall be in addition to the basic tax amount imposed upon any parcel greater than 5.0 acres.

Note 5 – Capital Assets

Changes in capital assets for the year were as follows:

Governmental Activities

	Balance July 1, 2015	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2016
Non-depreciable capital assets:				
Land	\$ 57,519	\$ -	\$ -	\$ 57,519
Construction-in-process	-	-	-	-
Total non-depreciable capital assets	57,519	-	-	57,519
Depreciable capital assets:				
Buildings and structures	811,953	-	-	811,953
Fire Trucks	1,382,493	-	-	1,382,493
Fire equipment	435,426	-	-	435,426
Communication equipment	75,221	-	-	75,221
Office equipment	47,143	-	-	47,143
Total depreciable capital assets	2,752,236	-	-	2,752,236
Less accumulated depreciation	(2,240,578)	(79,682)	-	(2,320,260)
Total depreciable capital assets, net	511,658	(79,682)	-	431,976
Total capital assets, net	\$ 569,177	\$ (79,682)	\$ -	\$ 489,495

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Capital Assets (Continued)

Changes in capital assets for the year were as follows:

Business-Type Activities

	<u>Balance July 1, 2015</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2016</u>
Non-depreciable capital assets:				
Land	\$ 587,724	\$ -	\$ -	\$ 587,724
Construction-in-process	171,100	2,008,414	(560,987)	1,618,527
Total non-depreciable capital assets	<u>758,824</u>	<u>2,008,414</u>	<u>(560,987)</u>	<u>2,206,251</u>
Depreciable capital assets:				
Source of supply plant	12,023,740	18,870	-	12,042,610
Pumping plant	434,992	-	-	434,992
Transmission and distribution plant	28,286,237	32,377	-	28,318,614
Buildings and structures	1,783,358	-	-	1,783,358
Office equipment	576,247	38,054	(111,020)	503,281
Transportation/heavy equipment	1,344,084	99,991	(35,159)	1,408,916
Radio and communication equipment	141,653	-	-	141,653
Field equipment and tools	353,417	371,695	-	725,112
Total depreciable capital assets	<u>44,943,728</u>	<u>560,987</u>	<u>(146,179)</u>	<u>45,358,536</u>
Less accumulated depreciation	<u>(22,130,466)</u>	<u>(1,332,183)</u>	<u>146,179</u>	<u>(23,316,470)</u>
Total depreciable capital assets, net	<u>22,813,262</u>	<u>(771,196)</u>	<u>-</u>	<u>22,042,066</u>
Total capital assets, net	<u>\$ 23,572,086</u>	<u>\$ 1,237,218</u>	<u>\$ (560,987)</u>	<u>\$ 24,248,317</u>

Note 6 – Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

Changes in compensated absences balances for the year were as follows:

<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
\$ 61,930	\$ 175,426	\$ (153,249)	\$ 84,107

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Net Other Post-Employment Benefits Obligation

Plan Description – Eligibility and Benefits

The District's defined benefit postemployment healthcare plan, Twentynine Palms Water District Post-Retirement Medical Benefits Program (TPWDPRMBP), provides medical benefits to eligible District employees and spouses. TPWDPRMBP is a single employer defined benefit healthcare plan administered by the District. A menu of benefit provisions are established through the District's group health insurance plan, which covers both the active and retired members. The TPWDPRMBP does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Board. The District contributes 90 percent of the employee's and 75 percent of the spouse's medical insurance premiums until age 65.

Annual Cost

The District is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The plan is financed on a pay-as-you-go basis.

The OPEB payable balance at June 30th was calculated as follows:

Description	2016
Annual OPEB cost:	
Annual required contribution (ARC)	\$ 136,573
Interest on beginning net OPEB obligation	19,657
Adjustment to annual required contribution	-
Total annual OPEB cost	156,230
Contributions made:	
Contributions made	(40,754)
Total contributions made	(40,754)
Change in net other post-employment benefits payable	115,476
Net other post-employment benefits payable:	
Beginning of year	561,634
End of year	\$ 677,110

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Net Other Post-Employment Benefits Payable (Continued)

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
June 30, 2016	\$ 156,230	\$ 40,754	26.09%	\$ 677,110
June 30, 2015	153,403	37,134	24.21%	561,634
June 30, 2014	127,364	33,272	26.12%	445,365

Funded Status and Funding Progress of the Plan

The most recent valuation (dated June 30, 2015) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$1,445,635. The funded ratio of the actuarial accrued liability is 0.00%. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2016 was \$1,263,000. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 114.46%.

Actuarial Methods and Assumptions

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

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

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

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	24 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	3.50%
Inflation - discount rate	2.75%
Individual salary growth	3.00% per annum, in aggregate
Health care trend rate	
	Year
	Percentage
	2016
	6.50%
	2017
	6.00%
	2018
	5.50%
	2019
	5.00%
	2020+
	5.00%

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan

Summary

Type of Account	Balance as of July 1, 2015	Additions	Deletions	Balance as of June 30, 2016
Deferred Outflows of Resources:				
Pension contributions made after the measurement date:				
CalPERS – Miscellaneous Plan	\$ 149,026	\$ 163,027	\$ (149,026)	\$ 163,027
CalPERS – Safety Plan	85,123	519,038	(85,123)	519,038
Sub-total	<u>234,149</u>	<u>682,065</u>	<u>(234,149)</u>	<u>682,065</u>
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	2,826	7,111	(2,880)	7,057
CalPERS – Safety Plan	13,416	4,720	(6,033)	12,103
Sub-total	<u>16,242</u>	<u>11,831</u>	<u>(8,913)</u>	<u>19,160</u>
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	6,990	17,629	(7,135)	17,484
CalPERS – Safety Plan	-	541	(142)	399
Sub-total	<u>6,990</u>	<u>18,170</u>	<u>(7,277)</u>	<u>17,883</u>
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	-	12,747	(3,354)	9,393
Total deferred outflows of resources	<u>\$ 257,381</u>	<u>\$ 724,813</u>	<u>\$ (253,693)</u>	<u>\$ 728,501</u>
Aggregate Net Pension Liability:				
CalPERS – Miscellaneous Plan	\$ 1,279,973	\$ 321,256	\$ (149,026)	\$ 1,452,203
CalPERS – Safety Plan	481,797	89,081	(85,123)	485,755
Total aggregate net pension liability	<u>\$ 1,761,770</u>	<u>\$ 410,337</u>	<u>\$ (234,149)</u>	<u>\$ 1,937,958</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ 425,072	\$ 2,186	\$ (382,714)	\$ 44,544
CalPERS – Safety Plan	149,627	-	(123,772)	25,855
Sub-total	<u>574,699</u>	<u>2,186</u>	<u>(506,486)</u>	<u>70,399</u>
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	18,901	84,744	(29,051)	74,594
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	368	63,285	(16,785)	46,868
CalPERS – Safety Plan	18,338	-	(6,549)	11,789
Sub-total	<u>18,706</u>	<u>63,285</u>	<u>(23,334)</u>	<u>58,657</u>
Differences between expected and actual experience:				
CalPERS – Safety Plan	-	15,055	(3,962)	11,093
Changes in assumptions:				
CalPERS – Miscellaneous Plan	-	120,597	(31,736)	88,861
CalPERS – Safety Plan	-	69,242	(18,222)	51,020
Sub-total	<u>-</u>	<u>189,839</u>	<u>(49,958)</u>	<u>139,881</u>
Total deferred inflows of resources	<u>\$ 612,306</u>	<u>\$ 355,109</u>	<u>\$ (612,791)</u>	<u>\$ 354,624</u>

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

Miscellaneous Plans

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required member contribution rates	8.000%	6.250%
Required employer contribution rates	18.041%	6.250%

Safety Plans

	Safety Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 55	2.5% @ 57
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.4% to 3.0%
Required member contribution rates	8.000%	N/A for FY 2015
Required employer contribution rates	20.901%	N/A for FY 2015

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2015 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Members Covered by Benefit Terms

At June 30, 2015 (Valuation Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
Active members	13	4	17
Transferred and terminated members	23	-	23
Retired members and beneficiaries	17	-	17
Total plan members	53	4	57

<u>Plan Members</u>	<u>Safety Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
Active members	5	-	5
Transferred and terminated members	9	-	9
Retired members and beneficiaries	4	-	4
Total plan members	18	-	18

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ended June 30, 2015 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

For the year ended June 30, 2016, the contributions made to the Plan were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Contributions – employer	\$ 154,323	\$ 8,704	\$ 163,027
Contributions – members	62,236	8,820	71,056
Total contributions	\$ 216,559	\$ 17,524	\$ 234,083

<u>Contribution Type</u>	<u>Safety Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Contributions – employer	\$ 519,038	\$ -	\$ 519,038
Contributions – members	36,980	-	36,980
Total contributions	\$ 556,018	\$ -	\$ 556,018

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2015 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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*.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Discount Rate

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

Investment Type	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1 – 10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

Sensitivity of the District's 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 of the Plan as of the measurement date, calculated using the discount rate of 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.65%	Current Discount Rate 7.650%	Discount Rate + 1% 8.65%
CalPERS – Miscellaneous Plan	\$ 2,542,343	\$ 1,452,203	\$ 552,165

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.65%	Current Discount Rate 7.650%	Discount Rate + 1% 8.65%
CalPERS – Safety Plan	\$ 876,387	\$ 485,755	\$ 165,444

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the CalPERS Miscellaneous and Safety Plans as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2014 (Measurement Date)	\$ 7,724,419	\$ 6,444,446	\$ 1,279,973
Balance as of June 30, 2015 (Measurement Date)	\$ 8,004,752	\$ 6,552,549	\$ 1,452,203
Change in Plan Net Pension Liability	\$ 280,333	\$ 108,103	\$ 172,230

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Safety Plan:			
Balance as of June 30, 2014 (Measurement Date)	\$ 2,653,229	\$ 2,171,432	\$ 481,797
Balance as of June 30, 2015 (Measurement Date)	\$ 2,849,036	\$ 2,363,281	\$ 485,755
Change in Plan Net Pension Liability	\$ 195,807	\$ 191,849	\$ 3,958

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

The District's proportionate share of the net pension liability was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2016	Fiscal Year Ending June 30, 2015	
CalPERS – Miscellaneous Plan			
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.052933%	0.051790%	0.001143%
Percentage of Plan (PERF C) Net Pension Liability	0.021157%	0.020570%	0.000587%
CalPERS – Safety Plan			
	Fiscal Year Ending June 30, 2016	Fiscal Year Ending June 30, 2015	Change Increase/ (Decrease)
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.017706%	0.012844%	0.004862%
Percentage of Plan (PERF C) Net Pension Liability	0.007077%	0.007743%	-0.000666%

For the year ended June 30, 2016, the District recognized pension expense/(credit) in the amount of \$(552,614) for the CalPERS Miscellaneous and Safety Plans.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 682,065	\$ -
Difference between actual and proportionate share of employer contributions	19,160	74,594
Adjustment due to differences in proportions	17,883	58,657
Differences between expected and actual experience	9,393	11,093
Differences between projected and actual earnings on pension plan investments	-	70,399
Changes in assumptions	-	139,881
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 728,501</u>	<u>\$ 354,624</u>

The District will recognize \$682,065 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2017, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 19,544	\$ 159,333
2018	17,888	156,650
2019	9,004	127,326
2020	-	(88,685)
Total	<u>\$ 46,436</u>	<u>\$ 354,624</u>

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Interfund Transfers

Interfund transfers for the year ended June 30, 2016 consisted of the following:

Transfer from	Transfer to	Amount
Fire Protection Fund	Water Operations Fund	\$ 62,062

The amount transferred to Fire Protection Fund from the Water Operations Fund was the Fire Protection's share of rent revenues from the lease of a cell site on Donnell Hill. Total lease revenues for the year were \$124,124 of which 50% were transferred to the Fire Protection Fund.

Note 10 – Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1 for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2016 is as follows:

Description	General Fund	Special Revenue Explorers Fund	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 302,427	\$ -	\$ 302,427
Assigned:			
Explorers	-	1,401	1,401
Compensated absences	31,601	-	31,601
Sub-total	31,601	1,401	33,002
Unassigned	521,701	-	521,701
Total fund balances	\$ 855,729	\$ 1,401	\$ 857,130

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – 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. As of June 30, 2016, there were no claims liabilities to be reported. During the year ended June 30, 2016, the District participated in the following public entity risk pools:

Association of California Water Agencies Joint Powers Insurance Authority

The District is a participant in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), which was organized for the purpose of providing liability insurance for the member agencies. The JPIA is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500.

The JPIA is governed by a board consisting of a representative from each member agency. The board controls the operations of the JPIA, including selections of management and approval of operating budgets.

The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. At June 30, 2015, the District's participation in the self-insurance programs of the JPIA was as follows:

Property loss is insured up to replacement value with deductibles starting from \$1,000: the JPIA is self-insured up to \$100,000 and has purchased excess insurance coverage. General liability is insured up to \$60,000,000 with no deductible: the JPIA is self-insured up to \$2,000,000 and has purchased excess insurance coverage. Auto liability is insured up to \$60,000,000 with no deductible: the JPIA is self-insured up to \$2,000,000 with \$1,000 deductible for property damage and has purchased excess insurance coverage.

Special District's Workers' Compensation Authority

The District is a participant in the Special District's Workers' Compensation Authority (Authority) (formerly California Special Districts Association). The Authority was created for the purpose of providing workers' compensation insurance to its member agencies. The Authority is a risk-pooling insurance authority created under the provisions of California Government Code Section 6500.

The District's coverage consists of statutory limits per occurrence for workers compensation and \$5,000,000 for employers' liability coverage, subject to various terms and conditions.

Note 12 – Commitments and Contingencies

Grants

The District, from time to time, participates in various federal, state and local grant programs, the principal of which are subject to various program compliance audits. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Twentynine Palms Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 13 – Subsequent Events

Fire Protection Fund

On July 1, 2016, the District's Fire Protection Fund operations were annexed to the San Bernardino County Fire Protection District per the San Bernardino County LAFCO decision on February 17, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

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Twentynine Palms Water District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
Fire Protection Fund
For the Year Ended June 30, 2016

	<u>Adopted Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fire protection special assessment	\$ 1,200,000	\$ 1,200,000	\$ 1,200,537	\$ 537
Charges for services	1,000	1,000	10,547	9,547
Fines, penalties and other	37,000	37,000	50,457	13,457
Other revenues	5,700	5,700	240	(5,460)
Operating grants and contributions	-	-	35	35
Investment earnings	2,000	2,000	2,955	955
Total revenues	<u>1,245,700</u>	<u>1,245,700</u>	<u>1,264,771</u>	<u>19,071</u>
EXPENDITURES:				
Current:				
Salaries and benefits	867,160	867,160	1,420,585	(553,425)
Materials and services	367,550	367,550	383,926	(16,376)
Capital outlay	50,000	50,000	-	50,000
Total expenditures	<u>1,284,710</u>	<u>1,284,710</u>	<u>1,804,511</u>	<u>(519,801)</u>
REVENUES OVER(UNDER)EXPENDITURES	(39,010)	(39,010)	(539,740)	(500,730)
OTHER FINANCING SOURCES(USES):				
Transfers in(out)	-	-	62,062	62,062
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>62,062</u>	<u>62,062</u>
NET CHANGE IN FUND BALANCES	<u>\$ (39,010)</u>	<u>\$ (39,010)</u>	(477,678)	<u>\$ (438,668)</u>
FUND BALANCES:				
Beginning of year			<u>1,322,007</u>	
End of year			<u>\$ 844,329</u>	

Notes to the Budgetary Comparison Schedule:

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District prepares and submits an operating budget to the Board of Directors no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts.

Twentynine Palms Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS)

Measurement Date:	<u>June 30, 2015¹</u>	<u>June 30, 2014¹</u>
District's Proportion of the Net Pension Liability	0.028234%	0.028313%
District's Proportionate Share of the Net Pension Liability	\$ 1,937,958	\$ 1,761,770
District's Covered-Employee Payroll	\$ 1,341,060	\$ 1,302,000
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>144.51%</u>	<u>135.31%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>82.14%</u>	<u>83.02%</u>

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

Twentynine Palms Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS)

Fiscal Year:	<u>2015-16¹</u>	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially Determined Contribution ²	\$ 245,003	\$ 234,149	\$ 225,220
Contribution in Relation to the Actuarially Determined Contribution ²	<u>(682,065)</u>	<u>(234,149)</u>	<u>(481,274)</u>
Contribution Deficiency (Excess)	<u>\$ (437,062)</u>	<u>\$ -</u>	<u>\$ (256,054)</u>
District's Covered-Employee Payroll ³	<u>\$ 1,381,292</u>	<u>\$ 1,341,060</u>	<u>\$ 1,302,000</u>
Contributions as a Percentage of Covered-Employee Payroll	<u>49.38%</u>	<u>17.46%</u>	<u>36.96%</u>

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Twentynine Palms Water District
Required Supplementary Information (Unaudited)
Schedule of Funding Progress – Other Post-Employments Benefits Plan
For the Year Ended June 30, 2016

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
June 30, 2015	\$ -	\$ 1,445,635	\$ 1,445,635	0.00%	\$ 1,263,000	114.46%
June 30, 2012	\$ -	\$ 697,138	\$ 697,138	0.00%	\$ 1,398,670	49.84%
June 30, 2009	\$ -	\$ 510,496	\$ 510,496	0.00%	\$ 1,395,966	36.57%

Note 1 – Other Post-Employment Benefits

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement No. 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2018, based on the year ending June 30, 2017.

5

**NO
MATERIAL
PROVIDED**

6

TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	JANUARY 20, 2017
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	DISCUSSION OF ESTIMATED COST TO REPLACE WELL #11

BACKGROUND AND DISCUSSION

At the December 14, 2016 Board of Directors Meeting the Board directed staff to start investigating estimated costs to drill a water production well to replace Well #11. For purposes of this report the new well will be referenced as Well #11B.

The estimated cost to drill a 500 foot deep well to include the pumping equipment is \$573,790.00 without 10% contingencies. Staff is considering an option to drill to a depth of 600 feet to explore and determine if better water quality is present. The exploration would take place during the pilot borehole process and water quality would be analyzed with zone testing. The additional cost, not represented on the estimate, to drill deeper during the pilot borehole and to furnish and install metal casing would be approximately \$50,000.00.

When the NBS rate study was conducted in 2015, one of the Capital Improvement Projects ("CIP") identified and incorporated into the proposed rate increase was funding to drill a replacement well for Well #10. At that time there was a line item for funding in the amount of \$600,000 scheduled for fiscal year 2018/2019 for the project. The funding for Well #10 will be redirected and used for the Well #11B project.

Any new water well that is drilled must comply with all State water quality standards before the well is allowed to pump water into the distribution system regardless of any existing variances that the District has in place. It is anticipated that the water from Well #11B will have elevated levels of arsenic, hexavalent chromium and fluoride. These water quality concerns were present in Well #11 before it was shut down and there was a 400 gallon per minute arsenic removal system in place that can be used for Well #11B. The approximate cost to add hexavalent chromium and fluoride treatment will be \$650,000.

ENGINEERING RESOURCES

OF SOUTHERN CALIFORNIA, INC.

1820 COMMERCENTER CIRCLE

SAN BERNARDINO CA 92408

PHONE: (909) 890-1255 FAX: (909) 890-0995

JOB NO. 05013.013

21-Dec-16

JGE

TWENTYNINE PALMS WATER DISTRICT**ENGINEER'S PRELIMINARY COST ESTIMATE****PROJECT:****DESIGN AND CONSTRUCTION OF WELL 11B**

ITEM	DESCRIPTION	QTY	UNIT	PRICE	AMOUNT
<u>WELL CONSTRUCTION</u>					
1	Move in and out, including drill rig setup and dismantle, site cleanup and restoration	1	LS	\$60,000.00	\$ 60,000.00
2	Attendance at worker, desert tortoise education class	1	LS	\$4,000.00	\$ 4,000.00
3	Erect and Maintain tortoise exclusionary fence for duration of the project	1	LS	\$6,000.00	\$ 6,000.00
4	Destruction of Well 11	1	LS	\$21,000.00	\$ 21,000.00
5	Drilling 30-inch hole and furnishing and installing 50 feet of 24-inch inside diameter x 5/16-inch wall thickness diameter steel protective casing including sealant for shutoff of surface water	50	LF	\$550.00	\$ 27,500.00
6	Drilling 12-inch minimum diameter pilot borehole (below bottom of protective casing)	450	LF	\$160.00	\$ 72,000.00
7	Furnish geophysical borehole logs as specified	1	LS	\$8,000.00	\$ 8,000.00
8	Perform isolated aquifer zone sampling	2	EA	\$25,000.00	\$ 50,000.00
9	Backfill and abandonment of pilot borehole requested by Owner	1	LS	\$5,000.00	\$ 5,000.00
10	Ream pilot borehole to 20-inch diameter	450	LF	\$100.00	\$ 45,000.00
11	Provide caliper survey of 20-inch reamed borehole	450	LF	\$15.00	\$ 6,750.00
12	Furnishing and placing 12¾-inch OD x ¼-inch wall thickness High Strength, Low Alloy blank steel metal casing and gravel envelope	220	LF	\$165.00	\$ 36,300.00
13	Furnishing and placing 12¾-inch OD x ¼-inch wall thickness High Strength, Low Alloy perforated well screen and gravel envelope	280	LF	225.00	\$ 63,000.00
14	Develop and clean well by airlifting, swabbing, bailing, and consolidation of gravel envelope	24	HRS	560.00	\$ 13,440.00
15	Furnish, install and remove test pump necessary for well development and testing	1	LS	34,000.00	\$ 34,000.00
1	Develop well by pumping and surging with test pump	40	HRS	380.00	\$ 15,200.00
17	Conduct pumping tests for yield and drawdown as specified and collect Title 22 samples	36	HRS	375.00	\$ 13,500.00

7

TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	JANUARY 10, 2017
FROM:	MIKE MINATREA, OPERATIONS SUPERINTENDENT
SUBJECT:	DISCUSSION OF 801 VALVE COUNT

BACKGROUND AND DISCUSSION

At the December 14, 2016 Board meeting, staff was directed to provide the Board with information regarding the number of valves at the off base Lincoln Military Housing units, formerly known as 801 housing.

The units located at Two Mile Road have a total of 53 valves. 30 of which are 6 inch butterfly valves, 15 are 6 inch gate valves, 7 are 8 inch gate valves and 1 is an 8 inch butterfly valve.

The units located at Aztec Road have a total of 51 valves. 32 of which are 6 inch butterfly valves, 10 are 6 inch gate valves, 8 are 8 inch gate valves and 1 is an 8 inch butterfly valve.

The units located at Joe Davis Drive have a total of 48 valves. 25 of which are 6 inch gate valves, 15 are 6 inch butterfly valves and 8 are 8 inch gate valves.

The estimated cost of replacement for each 6 inch gate valve are as follow:
Parts \$1,320.00, Labor \$1,000 (4 hours), Asphalt patch estimate \$1,700.00.
Total: \$4,020.00.

The estimated cost of replacement for each 8 inch gate valve are as follow:
Parts \$1,700.00, Labor \$1,000 (4 hours), Asphalt patch estimate \$1,700.00.
Total \$4,400.00.

8

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

DECEMBER 14, 2016 / 6:00 P.M.

Call to Order and Roll Call

President Moore called the meeting to order at 6:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Directors Bob Coghill, Carol Giannini, Sam Moore, and Roger Shinaver. Director Suzi Horn was absent. Also present were General Manager Ray Kolisz, Financial Consultant Josh Byerrum, and District Secretary Cindy Fowlkes.

Pledge of Allegiance

Director Moore led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

CJ Horn, of Twentynine Palms, commended staff for their quick response to a reported lack of water at their residence. Staff responded to a mainline leak and quickly had the water turned back on.

1. Election of Officers

Director Giannini nominated Director Moore to serve as President, seconded by Director Coghill, and approved unanimously.

Director Moore nominated Director Giannini to serve as Vice-President, seconded by Director Shinaver, and approved unanimously.

The General Manager, Ray Kolisz, will serve as the Board Secretary, which is common practice with most Districts.

2. Customer to Address Board on High Water Usage Bill

A request was made to the Board requesting a waiver of a high usage water bill in the amount of \$1,933.51. The customer was notified of higher than normal usage in June by way of a door hanger since the telephone number on file was no longer in service. The customer came into the office in July, updated her contact information and set up a payment plan. The customer was informed that, as a courtesy, a Leak Audit could be requested and performed to determine if a leak was occurring. The customer was not interested in having a Leak Audit performed. In August, District staff read the meter and radioed the office that it continued to have a high read. A representative contacted the customer to inform them. Subsequently, another District staff member responding to a water waste complaint went to the address by mistake and met with the customer who admitted to having a leak for the past two months. The employee went above and beyond standard procedure by isolating the leak and shutting off an irrigation valve, stopping the leak and waste of water.

Director Giannini made a motion to offer the customer a twelve month payment plan in the amount of \$161.08 with a seven day grace period for acceptance, seconded by Director Shinaver, and approved by the following roll call vote:

Ayes:	Directors Coghill, Giannini, Shinaver, and Moore
Noes:	None
Abstain:	None
Absent:	Director Horn

3. Well 11 Status Report

The well was drilled in 1978, producing water with elevated levels of naturally occurring arsenic, resulting in an onsite arsenic treatment plant, fluoride, and hexavalent chromium. Due to turbidity in the water, Well 11 was taken off-line in November to investigate the cause. It was discovered that the source of the turbidity was due to the deterioration of the casing. As a result of the existing condition of the casing, it was determined that there are no options to repair the pipe. With the loss of this well and two others, due to hexavalent chromium regulations, the District's overall water production capacity has been decreased by approximately 14%, with the Treatment Plant partially subsidizing water production for this well. The capital improvement budget has approximately \$600,000 for the drilling of a new well to replace Well 10. The District may opt to use this money to drill a new well in the same vicinity as Well 11. There are newly imposed water quality regulations for wells that make drilling for a well potentially more costly.

Mr. Kolisz provided a video of the well casing showing the collapse and deterioration of Well 11.

4. Discussion and Possible Action Regarding Method of Viewing Recorded Board Meeting Videos

The Board was informed at the November Board meeting that Charter Communication will no longer provide local channel 10 for the airing of board meetings on public television, effective January 2017. Two options were presented to the Board for consideration.

Option 1: Create a free YouTube account. However, the web page containing the District's video would also contain non-related District videos without any discretion by the District as to their content.

Option 2: Create an account with Vimeo which provides an enhanced viewing experience by not displaying non-District related materials. There is a setup cost of \$600 and an ongoing annual cost of approximately \$300. Pro Video would also increase its fee from \$100 to \$125 per meeting due to additional time required to convert the video to the required format.

Staff recommends creating an account with Vimeo for the public to watch recorded Board meetings.

Director Giannini made a motion to create an account with Vimeo, seconded by Director Shinaver, and unanimously approved by all those present.

5. Report on 2016 Approved Rate Increases

Last year the Board adopted a rate increase of 6% each year for five years, commencing in January 2016. Several factors were considered when determining how much to raise rates including reserves, un-funded non-cash expenses, inflation, compounded rate increases, conservation, un-funded mandates, and debt service coverage ratio. It was determined that a 6% rate increase is still warranted to remain in good financial health. A bill stuffer will be mailed out with the January and February bills explaining the new rates.

6. Consent Calendar

- Minutes of a Regular Meeting held on November 16, 2016
- Audit List

Director Coghill moved to approve the Consent Calendar, seconded by Director Shinaver, and approved unanimously.

7. Items Removed from the Consent Calendar for Discussion or Separate Action
None

8. Management Reports

8.1 Operations

The District responded to 7 Underground Service Alerts, had 1 water main leak, 1 water meter leak, 0 service line leaks, 5 fire hydrant repairs, performed 4 customer pressure checks, replaced 13 meters, replaced 3 customer gate valves, and installed 0 new services. 1 Wastewater complaint was reported. Water quality levels were normal for the month. Water production was down .8% as compared to the same month in 2013. A leak occurred at the 801 housing resulting in significant asphalt damage. It appears the bolts on the valve rusted causing the line to blow out. The brand of valve was not in accordance to the District's specifications and was installed by a private contractor for the military.

8.2 Finance

Mr. Byerrum reported that the budget is tracking as expected. Operating revenues are 13% higher this year as compared to the same time last year due to more water consumption. Expenses are also 8% higher due to costs associated with production like chemicals and electricity.

8.3 General Manager

Mr. Kolisz announced that the Colorado River Basin Regional Water Quality Control Board has found Pond 3 to be in compliance and is considered to be complete. The pond began filling with water and leak testing will commence in 2017. District staff responded to a leak on Sunday resulting in approximately 20 households without water. The Van Dyke Corporation was thanked for the use of their backhoe as both District backhoes were found to be inoperable. Staff was commended for their hard work.

9. Future Agenda Items and Staff Tasks/Directors' Comments and Reports

Director Shinaver requested staff to bring back information regarding the number of valves at 801 housing.

Director Giannini would like the Board to be kept apprised of the costs associated with drilling a new well to replace Well 11.

10. Adjournment

On motion by Director Shinaver, seconded by Director Giannini, and approved by the Board, the meeting was adjourned at 6:58 p.m.

Kerron E. Moore, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

Twentynine Palms Water District

Check Date Range: 12/1/2016 thru 12/31/2016

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
7540	12/01/2016	Fiesta Ford Lincoln	49,339.28	49,339.28	100-875-0000-6001	(Vehicle Replacements) Order No: 9999
7541	12/14/2016	Accela, Inc. #774375	1,240.00	1,240.00	100-600-0000-5408	F250 4X2 SD R/C 142" W Web Payments Nov. 2016
7542	12/14/2016	Acwa Joint Powers Insurance Authority	32,192.09	24,647.26	100-000-0000-1800	Health Benefits Jan. 2017
				1,703.70	100-310-0000-5141	Health Benefits Jan. 2017
				349.77	100-310-0000-5142	Health Benefits Jan. 2017
				3,777.25	100-310-0000-5144	Health Benefits Jan. 2017
7543	12/14/2016	Ansafone Contact Centers	129.86	129.86	100-160-0000-5406	Answering Service
7544	12/14/2016	Autozone Inc.	64.89	32.39	100-130-0000-5222	Floor Mats
				25.52	100-130-0000-5228	1/2" dr. deep well sockets.
				6.98	100-130-0000-5222	Fuse Holder
7545	12/14/2016	Bailey's Auto Repair	167.00	41.75	100-130-0000-5222	Smog Inspection
				41.75	100-130-0000-5222	Smog Inspection
				41.75	100-130-0000-5222	Smog Inspection
				41.75	100-130-0000-5222	Smog Inspection
7546	12/14/2016	Customer Refund	18.21	18.21	100-000-0000-2000	Refund Check
7547	12/14/2016	Best Best & Krieger	340.84	206.40	100-600-0000-5403	Services Rendered Nov. 2016
				134.44	100-600-0000-5403	Services Rendered Nov. 2016
7548	12/14/2016	Beyond Software Solutions	960.00	960.00	100-600-0000-5406	IT Services
7549	12/14/2016	Customer Refund	11.19	11.19	100-000-0000-2000	Refund Check
7550	12/14/2016	Customer Refund	269.98	269.98	100-000-0000-2000	Refund Check
7551	12/14/2016	Builders Supply - 29 Palms	158.47	83.01	100-130-0000-5220	50LBS Fast Set Concrete
				10.79	100-130-0000-5220	50# Type Lime
				24.73	100-130-0000-5220	2" 90 SCH40
				26.99	100-130-0000-5228	Heat Gun
				12.95	100-130-0000-5222	Aluminum Flatstock
7552	12/14/2016	Burrtec Waste & Recycling Svcs	198.62	95.00	100-600-0000-5406	Hatch
				40.07	100-600-0000-5406	Hatch
				63.55	100-150-0000-5406	Amboy
7553	12/14/2016	Byrd Industrial Electron	999.78	999.78	100-110-0000-5225	Replaced and programmed Lupine SCADAPACK
7554	12/14/2016	Calpers	6,740.08	11.94	100-600-0000-5165	Unfunded Accrued Liability 27040

Twentynine Palms Water District

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				6,728.14	100-600-0000-5165	Unfunded Accrued Liability 1463
7555	12/14/2016	Calpers	6,334.59	5,428.68	100-310-0000-5162	Retirement 11/20/16 - 12/3/16
				442.18	100-310-0000-5167	Retirement 11/20/16 - 12/3/16
				463.73	100-310-0000-5166	Retirement 11/20/16 - 12/3/16
7556	12/14/2016	Customer Refund	8.17	8.17	100-000-0000-2000	Refund Check
7557	12/14/2016	Clinical Lab of San Bern.	953.00	953.00	100-140-0000-5405	Water Samples
7558	12/14/2016	Customer Refund	14.75	14.75	100-000-0000-2000	Refund Check
7559	12/14/2016	Customer Refund	58.19	58.19	100-000-0000-2000	Refund Check
7560	12/14/2016	Customer Refund	24.57	24.57	100-000-0000-2000	Refund Check
7561	12/14/2016	Engineering Resources	11,531.00	9,932.00	100-850-0000-6001	Professional Services/Plant 6 Electrical/Re-equip Well 12
				1,599.00	100-850-0000-6001	Professional Services/Resurface Parking Lot
7562	12/14/2016	Mike Ernst	813.25	703.25	100-150-0000-5406	Schlage Co-200 Electronic Lock
				60.00	100-150-0000-5406	Labor To Install
				50.00	100-150-0000-5406	Service Call
7563	12/14/2016	Frontier Communications	162.17	162.17	100-150-0000-5203	Amboy
7564	12/14/2016	Customer Refund	20.84	20.84	100-000-0000-2000	Refund Check
7565	12/14/2016	Customer Refund	31.44	31.44	100-000-0000-2000	Refund Check
7566	12/14/2016	Customer Refund	54.76	54.76	100-000-0000-2000	Refund Check
7567	12/14/2016	Customer Refund	29.94	29.94	100-000-0000-2000	Refund Check
7568	12/14/2016	Customer Refund	30.42	30.42	100-000-0000-2000	Refund Check
7569	12/14/2016	Customer Refund	54.88	54.88	100-000-0000-2000	Refund Check
7570	12/14/2016	Hi-Grade Materials Co.	352.73	352.73	100-130-0000-5220	2 yards of Concrete
7571	12/14/2016	Customer Refund	1.00	1.00	100-000-0000-2000	Refund Check
7572	12/14/2016	Inland Water Works	703.08	703.08	100-000-0000-1400	Hymax 8" Repair Coupling
7573	12/14/2016	Inter-Valley Pool Supply	1,336.26	1,336.26	100-140-0000-5211	Carboys of Sodium Hypochlorite 12.5% 5 Gallon Multichlor NSF 60
7574	12/14/2016	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
7575	12/14/2016	Customer Refund	9.95	9.95	100-000-0000-2000	Refund Check
7576	12/14/2016	Kennedy/Jenks Consultants	2,042.50	2,042.50	100-600-0000-5412	Services Rendered Nov. 2016
7577	12/14/2016	Kenny Strickland Inc.	408.50	408.50	100-130-0000-5222	55 gallon drum of 5w-20 semi synthetic oil.
7578	12/14/2016	Konica Minolta Premier	155.97	155.97	100-150-0000-5223	12/01/2016 - 12/31/2016
7579	12/14/2016	Customer Refund	22.80	22.80	100-000-0000-2000	Refund Check
7580	12/14/2016	Customer Refund	5.93	5.93	100-000-0000-2000	Refund Check

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7581	12/14/2016	Customer Refund	23.10	23.10	100-000-0000-2000	Refund Check
7582	12/14/2016	Customer Refund	37.42	37.42	100-000-0000-2000	Refund Check
7583	12/14/2016	Customer Refund	45.02	45.02	100-000-0000-2000	Refund Check
7584	12/14/2016	Palm Springs Motors Inc.	194.68	194.68	100-130-0000-5222	Cooling Sys. Hoses
7585	12/14/2016	Customer Refund	53.21	53.21	100-000-0000-2000	Refund Check
7586	12/14/2016	Parkhouse Tire Inc.	843.22	843.22	100-130-0000-5222	Tires
7587	12/14/2016	Customer Refund	68.78	68.78	100-000-0000-2000	Refund Check
7588	12/14/2016	Customer Refund	72.11	72.11	100-000-0000-2000	Refund Check
7589	12/14/2016	Pitney Bowes	459.71	459.71	100-600-0000-5223	Contract #7260789001
7590	12/14/2016	Customer Refund	21.94	21.94	100-000-0000-2000	Refund Check
7591	12/14/2016	Pro Security Systems	432.00	144.00	100-600-0000-5406	Quarterly Monitoring
				144.00	100-130-0000-5406	Quarterly Monitoring
				144.00	100-150-0000-5406	Quarterly Monitoring
7592	12/14/2016	Prudential Overall Supply	520.36	52.53	100-130-0000-5253	Uniforms
				161.69	100-130-0000-5253	Uniforms
				253.61	100-130-0000-5253	Uniforms
				52.53	100-130-0000-5253	Uniforms
7593	12/14/2016	Regional Government Services	380.00	380.00	100-600-0000-5406	Contract Services
7594	12/14/2016	Customer Refund	66.45	66.45	100-000-0000-2000	Refund Check
7595	12/14/2016	Customer Refund	31.81	31.81	100-000-0000-2000	Refund Check
7596	12/14/2016	Customer Refund	24.27	24.27	100-000-0000-2000	Refund Check
7597	12/14/2016	S.C.E.	19,655.42	1,282.39	100-110-0000-5201	Well 1
				1,195.07	100-110-0000-5201	Well 16
				941.95	100-600-0000-5201	Hatch
				26.29	100-110-0000-5201	Well 4
				918.27	100-150-0000-5201	Plant
				9,825.26	100-110-0000-5201	Well TP-1
				2,331.43	100-110-0000-5201	Well 14
				1,077.50	100-120-0000-5201	Booster H1N, H2S
				28.59	100-110-0000-5201	Michel's
2,028.67	100-110-0000-5201	Well 17				
7598	12/14/2016	San Bernardino County	4.00	4.00	100-130-0000-5301	Parcel Map

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Check Date Range: 12/1/2016 thru 12/31/2016

7599	12/14/2016	Customer Refund	20.54	20.54	100-000-0000-2000	Refund Check
7600	12/14/2016	Customer Refund	62.06	62.06	100-000-0000-2000	Refund Check
7601	12/14/2016	Customer Refund	213.86	96.18	100-600-0000-5330	Text/Materials Reimbursement
				117.68	100-600-0000-5330	Text/Materials Reimbursement
7602	12/14/2016	Susan L. Simmons	718.75	718.75	100-600-0000-5406	Janitorial Services
7603	12/14/2016	Customer Refund	10.23	10.23	100-000-0000-2000	Refund Check
7604	12/14/2016	Customer Refund	43.93	43.93	100-000-0000-2000	Refund Check
7605	12/14/2016	Customer Refund	29.72	29.72	100-000-0000-2000	Refund Check
7606	12/14/2016	Customer Refund	54.45	54.45	100-000-0000-2000	Refund Check
7607	12/14/2016	State Water Resources	14,929.00	14,929.00	100-110-0000-5303	Annual Permit Fee 07/01/16 - 06/30/17
7608	12/14/2016	State Water Resources	2,088.00	2,088.00	100-110-0000-5303	Annual Permit Fee 07/01/16 - 06/30/17
7609	12/14/2016	Bob Stephenson	100.00	100.00	100-610-0000-5350	Video record board meeting
7610	12/14/2016	Customer Refund	29.53	29.53	100-000-0000-2000	Refund Check
7611	12/14/2016	Customer Refund	69.59	69.59	100-000-0000-2000	Refund Check
7612	12/14/2016	TelePacific Communications	618.57	618.57	100-600-0000-5203	Hatch
7613	12/14/2016	Customer Refund	12.19	12.19	100-000-0000-2000	Refund Check
7614	12/14/2016	Customer Refund	12.56	12.56	100-000-0000-2000	Refund Check
7615	12/14/2016	Customer Refund	12.19	12.19	100-000-0000-2000	Refund Check
7616	12/14/2016	Customer Refund	43.14	43.14	100-000-0000-2000	Refund Check
7617	12/14/2016	Underground Service Alert	22.50	22.50	100-130-0000-5406	15 new tickets
7618	12/14/2016	United Cerebral Palsy Assoc.	415.31	415.31	100-160-0000-5406	Mail Production
7619	12/14/2016	Usa Blue Book	739.34	410.54	100-150-0000-5220	Fluoride Standard 1ppm with TISAB 475 mL Orion 040906
				328.80	100-150-0000-5220	Fluoride Standard 10 ppm with TISAB 475 mL Orion 040908
7620	12/14/2016	Vagabond Welding Supply	136.00	136.00	100-130-0000-5222	Metal for toolboxes on new gen sets.
7621	12/14/2016	Van Dyke Corp.	275.00	275.00	100-130-0000-5223	Rental of John Deere 410 Backhoe for 1 Day
7622	12/14/2016	Customer Refund	20.91	20.91	100-000-0000-2000	Refund Check
7623	12/14/2016	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
7624	12/14/2016	Customer Refund	71.34	71.34	100-000-0000-2000	Refund Check
7625	12/14/2016	Customer Refund	57.00	57.00	100-000-0000-2000	Refund Check
7626	12/14/2016	Customer Refund	42.69	42.69	100-000-0000-2000	Refund Check
7627	12/28/2016	Customer Refund	12.93	12.93	100-000-0000-2000	Refund Check
7628	12/28/2016	BearCom Group Advanced Electronics Inc.	153.36	62.00	100-130-0000-5220	UNTIY GAIN ANTENNA QUARTERWAVE VHE 150.8

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				66.00	100-130-0000-5220	BATT MAGONE NIMH 1400T
				25.36	100-130-0000-5220	SHIPPING CHARGE
7629	12/28/2016	Beyond Software Solutions	1,080.00	1,080.00	100-600-0000-5406	IT Services
7630	12/28/2016	BIRKSCO	738.40	738.40	100-130-0000-5220	Aqualoader HPTSCH Card Trap
7631	12/28/2016	Customer Refund	31.20	31.20	100-000-0000-2000	Refund Check
7632	12/28/2016	Builders Supply - 29 Palms	38.47	29.96	100-130-0000-5220	90LB Portland Cement
				8.51	100-150-0000-5220	Gap Sealant
7633	12/28/2016	Calpers	283.20	283.20	100-310-0000-5162	Replacement Benefit Contribution
7634	12/28/2016	Calpers	7,462.58	6,556.70	100-310-0000-5162	Retirement 12/4/16 - 12/17/16
				442.15	100-310-0000-5167	Retirement 12/4/16 - 12/17/16
				463.73	100-310-0000-5166	Retirement 12/4/16 - 12/17/16
7635	12/28/2016	Carquest Auto Parts	185.41	281.04	100-130-0000-5222	Transmission Filter and Fluid.
				(51.03)	100-130-0000-5222	Credit for Transmission Filter
				(44.60)	100-130-0000-5222	Credit for Transmission Filters
7636	12/28/2016	Customer Refund	64.40	64.40	100-000-0000-2000	Refund Check
7637	12/28/2016	Centurylink Business Services	31.56	31.56	100-600-0000-5203	Hatch
7638	12/28/2016	Chem-Tech International Inc.	5,745.10	5,745.10	100-150-0000-5211	Load of Acid (Treatment Plant)
7639	12/28/2016	Customer Refund	64.91	64.91	100-000-0000-2000	Refund Check
7640	12/28/2016	County Of San Bernardino	32.04	18.65	100-130-0000-5406	Yard Waste
				13.39	100-130-0000-5406	Yard Waste
7642	12/28/2016	Customer Refund	29.32	29.32	100-000-0000-2000	Refund Check
7643	12/28/2016	Customer Refund	60.00	60.00	100-000-0000-2000	Refund Check
7644	12/28/2016	Customer Refund	56.87	56.87	100-000-0000-2000	Refund Check
7645	12/28/2016	Frontier Communications	139.97	139.97	100-600-0000-5203	Hatch
7646	12/28/2016	Customer Refund	21.94	21.94	100-000-0000-2000	Refund Check
7647	12/28/2016	Customer Refund	3.37	3.37	100-000-0000-2000	Refund Check
7648	12/28/2016	Home Depot Credit Services	514.38	514.38	100-150-0000-5220	Solar Sat (Treatment Plant)
7649	12/28/2016	Customer Refund	71.01	71.01	100-000-0000-2000	Refund Check
7650	12/28/2016	Inland Water Works	2,569.42	692.06	100-000-0000-1400	12" HYMAX CPLG
				725.86	100-000-0000-1400	Milwaukee NL UP509 Brass Check Valve
				170.00	100-000-0000-1400	3/4" x 1 1/2" AYM NL Hex Meter Coupling
				59.90	100-000-0000-1400	3/4" x Close Brass Nipple

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				79.20	100-000-0000-1400	3/4" x 2" Brass Nipple
				842.40	100-000-0000-1400	6" HYMAX CPLG
7651	12/28/2016	Customer Refund	21.94	21.94	100-000-0000-2000	Refund Check
7652	12/28/2016	Customer Refund	37.29	37.29	100-000-0000-2000	Refund Check
7653	12/28/2016	Customer Refund	61.03	61.03	100-000-0000-2000	Refund Check
7654	12/28/2016	Konica Minolta Premier	318.77	318.77	100-600-0000-5223	12/01/16 - 12/31/16
7655	12/28/2016	Customer Refund	48.57	48.57	100-000-0000-2000	Refund Check
7656	12/28/2016	Customer Refund	43.33	43.33	100-000-0000-2000	Refund Check
7657	12/28/2016	Customer Refund	42.84	42.84	100-000-0000-2000	Refund Check
7658	12/28/2016	Customer Refund	75.00	48.46	100-000-0000-2000	Refund Check
				26.54	100-000-0000-2000	Refund Check
7659	12/28/2016	Customer Refund	10.68	10.68	100-000-0000-2000	Refund Check
7660	12/28/2016	Mcmaster-Carr Supply Co.	1,096.96	75.51	100-150-0000-5220	Panel-Mount Flowmeter for Water without Valve Part#4351K151_1
				103.33	100-150-0000-5220	Panel-Mount Flowmeter For Water with Brass Balve
				363.18	100-110-0000-5220	Transmitter 0-30 psi (Plant#6 Holding Tank)
				140.20	100-130-0000-5220	First Aid Kit
				(81.55)	100-110-0000-5220	Credit
				345.89	100-150-0000-5220	Desiccant For Part# 5163K19 Air Dryer
				130.90	100-150-0000-5220	Filter Element Part# 8282K73
				19.50	100-150-0000-5220	Filter Element Part#4958K95
7661	12/28/2016	Customer Refund	18.12	18.12	100-000-0000-2000	Refund Check
7662	12/28/2016	Austin Meyers	119.68	119.68	100-600-0000-5330	Training Course
7663	12/28/2016	Michael Torres	3,859.92	3,859.92	100-130-0000-5228	Snap On Scanner
7664	12/28/2016	Customer Refund	14.71	14.71	100-000-0000-2000	Refund Check
7665	12/28/2016	Customer Refund	60.60	60.60	100-000-0000-2000	Refund Check
7666	12/28/2016	Customer Refund	13.60	13.60	100-000-0000-2000	Refund Check
7667	12/28/2016	Napa Auto Parts	204.17	24.22	100-130-0000-5222	Butt Connector
				14.34	100-130-0000-5222	Rivets (Shop Supplies)
				11.47	100-130-0000-5228	10mm socket and a 1/2" dr. extension.
				176.02	100-130-0000-5228	Cooling System Tester
				17.00	100-130-0000-5222	Internal Transmission Filter.
				(18.00)	100-130-0000-5222	Core Deposit

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				(20.88)	100-130-0000-5222	Core Deposit (Equipment#11)
7668	12/28/2016	Office Supplies Plus Inc.	13.34	13.34	100-130-0000-5406	Return McMaster-Carr
7669	12/28/2016	Parkhouse Tire Inc.	59.46	59.46	100-130-0000-5222	Repair Tire
7670	12/28/2016	Paul Associates	1,175.32	1,175.32	100-160-0000-5301	Termination Door Hangers
7671	12/28/2016	Pitney Bowes Postage By Phone	500.00	500.00	100-600-0000-5302	Re-fill postage meter
7672	12/28/2016	Customer Refund	15.54	15.54	100-000-0000-2000	Refund Check
7673	12/28/2016	Platinum Consulting Group	6,000.00	6,000.00	100-600-0000-5401	Monthly retainer - November 2016
7674	12/28/2016	Prudential Overall Supply	1,002.15	161.69	100-130-0000-5253	Uniforms
				52.53	100-130-0000-5253	Uniforms
				259.01	100-130-0000-5253	Uniforms
				52.53	100-130-0000-5253	Uniforms
				420.99	100-130-0000-5253	Uniforms/towels/trash liners/paper
				55.40	100-130-0000-5253	Uniforms
7675	12/28/2016	Customer Refund	50.51	50.51	100-000-0000-2000	Refund Check
7676	12/28/2016	Powerplan OIB Rdo Trust #80-5800	136.60	136.60	100-130-0000-5222	Injector Line, Gaskets
7677	12/28/2016	Customer Refund	20.25	20.25	100-000-0000-2000	Refund Check
7678	12/28/2016	S.C.E.	8,783.40	759.39	100-120-0000-5201	Booster 11A, 11B
				302.86	100-110-0000-5201	Well 9 Booster 6A, 6B
				952.92	100-110-0000-5201	Well 6, 12
				939.83	100-120-0000-5201	Booster Sullivan
				272.46	100-110-0000-5201	Well 15
				1,273.41	100-120-0000-5201	Booster Lupine
				3,400.73	100-120-0000-5201	Booster TP-1 Cactus
				41.02	100-120-0000-5201	D.H. Resv. & Hydro
				798.53	100-120-0000-5201	Booster Two Mile
				42.25	100-110-0000-5201	Well 11
7679	12/28/2016	Customer Refund	53.07	53.07	100-000-0000-2000	Refund Check
7680	12/28/2016	Susan L. Simmons	575.00	575.00	100-600-0000-5406	Janitorial Services
7681	12/28/2016	Southern Calif. Gas Co.	157.68	157.68	100-600-0000-5202	Hatch
7682	12/28/2016	Business Class Time Warner Cable	129.99	129.99	100-150-0000-5203	Plant
7683	12/28/2016	Customer Refund	12.93	12.93	100-000-0000-2000	Refund Check
7684	12/28/2016	Customer Refund	12.19	12.19	100-000-0000-2000	Refund Check

Twentynine Palms Water District

Check Date Range: 12/1/2016 thru 12/31/2016

7685	12/28/2016	Union Bank	368.80	84.00	100-600-0000-5406	Microsoft
				26.99	100-130-0000-5220	gloves
				(25.13)	100-600-0000-5408	Credit
				15.61	100-130-0000-5222	Washer
				147.98	100-600-0000-5301	Office
				34.94	100-130-0000-5222	Pump Kit
				20.86	100-600-0000-5301	Power-Sonic PS-640F
				63.55	100-150-0000-5221	Power-Sonic PS-6100F1
7686	12/28/2016	Verizon Wireless	382.52	382.52	100-600-0000-5203	Hatch
7687	12/28/2016	Vwr Scientific Products Corp.	352.91	352.91	100-150-0000-5220	Buffer TSAB II Part# 34111-705
7688	12/28/2016	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
7689	12/28/2016	Customer Refund	53.36	53.36	100-000-0000-2000	Refund Check
			Total	\$205,575.84		

Twentynine Palms Water District

Check Date Range: 12/1/2016 thru 12/31/2016

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
7542	12/14/2016	Acwa Joint Powers Insurance Authority	32,192.09	1,714.11	200-000-0000-2100	Chief - Health Benefits Jan. 2017
7641	12/28/2016	Cashier, Accounting Office Department of Industrial Relations	5,675.00	5,675.00	200-230-0000-5226	Summary/Inspection Number 1160362
			Total	\$7,389.11		

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10.1

TWENTYNINE PALMS WATER DISTRICT

72401 Hatch Road/P. O. Box 1735
Twentynine Palms, CA 92277-1000
PHONE (760) 367-7546 FAX (760) 367-6612

TO: Board of Directors
FROM: Mike Minatrea, Operations Superintendent
DATE: January 12, 2017
SUBJECT: Management Report

A. The Operations and Maintenance Department performed the following tasks during the month of December 2016:

1. Responded to 15 Underground Service Alerts
2. Responded to and repaired
 - a. 2 water main leaks
 - b. 3 water meter leaks
 - c. 0 service line leaks
 - d. 2 fire hydrant repairs/maintenance
3. Installed 3 new services
4. Replaced 11 customer gate valves
5. Performed 5 leak audits
6. Painted 0 fire hydrants
7. Performed 3 customer pressure checks
8. Replaced 31 water meters
9. Tested and exercised emergency generators
10. Sounded wells for December
11. 1 water waste complaint reported

B. The following customer service tasks were performed:

1. 139 work orders were generated from reading meters
2. 25 work orders were generated from billing variance list
3. 300 work orders were generated for turn on or turn off
4. 269 termination notices were distributed
5. 32 non-pay turn offs were performed
6. 57 extensions were granted
7. 10 extensions were shut off for non-payment
8. 4 payment schedules have been granted
9. 0 payment schedules failed, total outstanding \$0
10. 14 customer requests and 3 complaints were logged and investigated

C. Valve and Hydrant Maintenance Update

	Valves Exercised (Began 06/16)	Dead Ends Flushed (Began 7/16)
Current Month	87	22
Year to Date	*1,932	359

*Triennial cycle

D. Status of Cross-Connection Control Program (Quarterly)

	In District	2016 Test/Surveys
Cross-Connection Devices	340	340

TWENTYNINE PALMS WATER DISTRICT
DECEMBER WATER QUALITY AND ENGINEERING REPORT

1. **ENGINEERING**

A. No items to report.

2. **WATER QUALITY**

A. Chlorine Levels: Average levels maintained in the storage and distribution system ranged from a low of 0.08 mg/L to a high of 0.27 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.24 mg/L to 0.54 mg/L.

B. Bacteria Samples: A total of 38 routine bacteria samples were collected at test points for the storage and distribution system during this past month. In addition 9 special bacteria samples were collected. All routine and special samples indicated ABSENT for Colilert.

C. Fluoride Samples: A total of 16 fluoride samples were collected at established test points for the storage and distribution system, and 6 fluoride samples were taken from potable water production wells. Fluoride levels in the distribution system ranged from a low of 0.72 mg/L to a high of 2.5 mg/L. Fluoride measurements collected at the wells ranged from a low of 0.25 to a high of 1.8 mg/L.

D. General Physical: A total of 11 general physical samples were collected from established locations as a part of routine testing requirements. Levels reported for color are <3.0, 1 for threshold odor and <0.1 - 0.3 for turbidity.

TWENTYNINE PALMS WATER DISTRICT
Water Production Report
FY 2016/2017

Groundwater Source													
	Mesquite Springs Basin	Fortynine Palms Basin	Eastern Basin	Indian Cove Basin	Total Produced	Total Prior Yr	%Increase (Decrease) prior year	%Increase (Decrease) from 2013	New Service	Active Account	Prior Year	%Increase (Decrease)	Main Leaks
July	102.055	98.483	38.624	42.803	281.965	249.190	13.15%	-9.10%	0				0
August	122.969	83.600	31.708	37.009	275.286	250.936	9.90%	-14.5	1	7,703	7,479	3.00%	0
Sept.	104.147	81.688	26.380	29.339	241.554	212.452	15.20%	-1%	0				0
October	103.117	66.705	20.659	23.842	214.323	186.181	15.11%	-0.80%	0	7,610	7,500	1.46%	0
Nov.	87.54	60.014	18.818	19.413	185.785	173.441	7.10%	-0.80%	0				1
Dec.	98.666	43.611	18.941	8.444	169.662	159.201	6.50%	3%	3	7,576	7,497		2
Jan.													
Feb.													
March													
April													
May													
June													
Totals	618.494	434.101	155.130	160.850	1368.575	1231.401	11.14%		4				3

Production Totals Expressed in Acre Feet

NOTE: Year to Date Mesquite Springs Basin regeneration production of **5.589** acre feet = **0.90%** treatment loss.

Total Meters in District = 8,082

10.2

TWENTYNINE PALMS WATER DEPARTMENT

FINANCIAL REPORT

For The Month Of

November 2016

***PRELIMINARY -SUBJECT TO YEAR-END
AND AUDIT ADJUSTMENTS***

**TWENTYNINE PALMS WATER DEPARTMENT
STATEMENT OF INVESTMENTS AND RESERVES
November 2016
(Unaudited)**

<u>Operating Funds & Internal Reserves:</u>	<u>Prior Balance</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Current Balance</u>	<u>Market</u>
Operating Funds - LAIF	\$ 2,536,532	\$ -	\$ (650)	\$ 2,535,882	\$ 2,536,658
Election Fund Reserve - LAIF	20,925	-	-	20,925	20,931
Internal Operating Reserve - LAIF	164,986	-	-	164,986	165,037
Internal Debt Retirement Reserve - LAIF	-	-	-	-	-
Capital Funds for Primary Infrastructure - LAIF	49,240	650	-	49,890	49,905
Capital Funds for Secondary Infrastructure - LAIF	43,323	-	-	43,323	43,336
Investment Funds - CalTrust	1,000,399	798	-	1,001,197	1,001,504
Total Investments	\$ 3,815,405	\$ 1,448	\$ (650)	\$ 3,816,203	\$ 3,817,371

CERTIFICATION

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

Cindy Byerrum, CPA
Contract CPA

*** Market values are adjusted on this report on a quarterly basis and recorded in the District's financials statements at the end of the fiscal year*

**Twentynine Palms Water Department
Statement of Revenues and Expenses
For the Period Ending November 30, 2016
(Unaudited)**

	November 2016	October 2016	YTD	Budget	YTD 42%	Prior YTD
1 Operating Revenues	\$ 282,079	\$ 349,078	\$ 1,761,812	\$ 3,799,900	46%	\$ 1,584,867
2 Non-Operating Revenues	51,158	55,083	258,995	663,400	39%	289,992
Total Revenue Available to						
3 Fund Operations & Capital/R&R	333,238	404,161	2,020,807	4,463,300	45%	1,874,859
4 Operating Expenses	229,453	229,207	1,305,730	3,235,304	40%	1,258,885
5 Non-Operating Expenses	14,788	14,805	73,932	177,309	42%	659,054
Net Revenues Available to Fund Capital						
6 Related Expenditures	88,997	160,149	641,145	1,050,687	61%	(43,080)

Twentynine Palms Water Department
Detail Statement of Revenues and Expenses
For the Period Ending November 30, 2016
(Unaudited)

	November 2016	October 2016	YTD	Budget	YTD 42%	Prior YTD
1 Operating Revenues						
2 Water Sales	\$ 184,196	\$ 249,718	\$ 1,264,043	\$ 2,529,800	50%	\$ 1,039,570
3 RTS	89,271	88,877	445,843	1,161,200	38%	495,151
4 Other Operating Revenue	8,612	10,484	51,926	108,900	48%	50,145
5 Total Operating Revenues	282,079	349,078	1,761,812	3,799,900	46%	1,584,867
6 Non-Operating Revenues						
7 Capital Impact Fees	650	-	1,300	4,000	33%	2,600
8 Water Availability Assessment	49,258	49,258	246,292	591,100	42%	246,292
9 Interest Revenue	798	5,676	6,474	37,500	17%	4,587
10 Other Penalties	-	-	-	22,600	0%	11,729
11 Reimbursed Expenses	135	53	3,588	4,600	78%	16,220
12 Other Non-Operating Revenue	317	95	1,341	3,600	37%	8,564
13 Total Non-Operating Revenues	51,158	55,083	258,995	663,400	39%	289,992
14 Total Revenues	333,238	404,161	2,020,807	4,463,300	45%	1,874,859
15 Operating Expenditures						
16 Source of Supply						
17 Labor & Benefits	1,281	251	5,563	7,800	71%	3,513
18 Direct Expenses	20,750	24,861	116,254	292,670	40%	105,537
19 Total Source of Supply	22,031	25,112	121,817	300,470	41%	109,050
20 Pumping						
21 Labor & Benefits	528	-	764	100	764%	138
22 Direct Expenses	8,256	9,394	41,005	109,100	38%	42,457
23 Total Pumping	8,784	9,394	41,770	109,200	38%	42,595
24 Transmission & Distribution						
25 Labor & Benefits	46,595	45,154	253,346	600,320	42%	162,152
26 Direct Expenses	17,652	19,575	92,761	294,800	31%	105,182
27 Total Transmission & Distribution	64,247	64,729	346,107	895,120	39%	267,334
28 Treatment Wells						
29 Labor & Benefits	2,802	3,158	15,583	41,000	38%	16,103
30 Direct Expenses	953	2,122	10,708	29,349	36%	10,495
31 Total Treatment Wells	3,755	5,280	26,291	70,349	37%	26,598
32 Treatment Facility						
33 Labor & Benefits	11,478	11,236	62,309	161,900	38%	68,390
34 Direct Expenses	19,054	12,407	125,296	382,865	33%	200,619
35 Total Treatment Facility	30,533	23,643	187,605	544,765	34%	269,009
36 Customer Accounts						
37 Labor & Benefits	12,205	10,779	63,445	132,800	48%	54,405
38 Direct Expenses	7,545	374	15,602	33,400	47%	11,829
39 Total Customer Accounts	19,750	11,153	79,047	166,200	48%	66,234
40 General Administration						
41 Outside Services	14,790	24,901	132,445	290,200	46%	108,225
42 Direct Expenses	15,546	12,450	83,029	190,300	44%	71,972
43 Fire Department Reimbursements	-	-	-	-	0%	(22,900)
44 Total General Admin.	30,336	37,351	215,475	480,500	45%	157,297
45 Employee Salaries						
46 Direct Labor	81,895	80,298	476,225	1,053,100	45%	386,742
47 Less Transfer to Operations	61,602	59,879	352,005	785,400	45%	260,112
48 Total General & Admin. Salaries	20,292	20,419	124,220	267,700	46%	126,629
49 Employee Benefits						
49 Health Benefits	4,998	5,129	25,577	72,700	35%	36,274
50 Payroll Taxes	8,206	11,457	54,889	156,200	35%	94,473
51 Retirement Expenses	15,705	12,153	72,720	157,500	46%	60,135
52 Total Employee Benefits	28,909	28,739	153,186	386,400	40%	190,881

**Twentynine Palms Water Department
Detail Statement of Revenues and Expenses
For the Period Ending November 30, 2016
(Unaudited)**

	November 2016	October 2016	YTD	Budget	YTD 42%	Prior YTD
53 Board of Directors						
54 Directors' Fees	800	1,700	5,200	7,400	70%	1,750
55 Direct Expenses	16	1,686	5,013	7,200	70%	1,508
56 Total Board of Directors	816	3,386	10,213	14,600	70%	3,258
57 Total Operating Expenditures	229,453	229,207	1,305,730	3,235,304	40%	1,258,885
58 Non-Operating Expenditures						
59 Debt Service, Principle	-	-	-	-	0%	-
60 Debt Service, Interest	-	-	-	-	0%	-
61 Total Debt Service	-	-	-	-	0%	-
62 Depreciation Expense	-	-	-	-	0%	591,417
63 Unfunded PERS	6,740	6,758	33,694	80,738	42%	28,242
64 Unfunded OPEB Liability	8,048	8,048	40,238	96,571	42%	39,395
65 Total Non-Operating Expenditures	14,788	14,805	73,932	177,309	42%	659,054
66 Total Expenditures	244,240	244,012	1,379,662	3,412,613	40%	1,917,939
Net Revenues Available to Fund Capital						
67 Related Expenditures	(6,740)	(6,758)	(33,694)	(80,738)	42%	(28,242)

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**Twentynine Palms Water Department
Special Revenue Fund
For the Period Ending November 30, 2016
(Unaudited)**

	<u>November 2016</u>	<u>October 2016</u>	<u>YTD</u>	<u>Budget</u>	<u>YTD 42%</u>	<u>Prior YTD</u>
1 Tower Revenues	\$ 8,736	\$ 13,500	\$ 48,169	\$ 117,400	41%	\$ 51,278
2 Less Transfers Out to Fire	\$ -	\$ -	\$ -	\$ -	N/A	\$ (25,639)
3 Less Transfers Out To Water	\$ (5,403)	\$ (10,167)	\$ (31,502)	\$ (77,400)	41%	\$ (25,639)
4 Transfer to PARS Trust	\$ (3,333)	\$ (3,333)	\$ (16,667)	\$ (40,000)	42%	\$ -
Ending Balance To Retain In LAIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

Twentynine Palms Water Department
Carryover CIP/Current CIP and R&M/Capital Outlay
For the Period Ending November 30, 2016
(Unaudited)

Carryover Capital Approved in Previous Years	Budget FY 16/17	Current Year Expenditures	Remaining Budget / (Over Budget)
District Projects			
1 USGS Study	\$ 150,000	\$ 3,250	\$ 146,750
2 Hazard Mitigation Plan	30,000	-	30,000
3 Treatment Plant Pond 3	-	33,770	(33,770)
4 Salt Nutrient Monitoring Wells	100,000	6,841	93,159
5 Total Carryover Capital Approved in Previous Years	280,000	43,861	236,139
Repairs, Rehabilitation, & Maintenance			
6 Plant 6 Electrical and Well Upgrade	250,000	-	250,000
7 Emergency Repairs, Unspecified	50,000	24,418	25,582
8 Repiping/Distribution System Upgrades	50,000	16,237	33,763
9 Reservoir Recoating and/or Cathodic Protection	175,000	2,115	172,885
10 Administrative Office Roof Repair	30,000	-	30,000
11 Administrative Office Asphalt Seal Coat	20,000	-	20,000
12 Chrome VI Well Rehab	-	1,050	-
13 Fluoride Plant Instrumentation\Coating	30,000	16,277	13,723
14 Total Repairs & Maintenance	605,000	60,097	545,953
Capital Outlay			
15 Vehicle Replacements	50,000	1,681	48,319
16 Computer/Technology Replacements	40,000	14,973	25,027
17 GIS	50,000	15,470	34,530
18 Fencing Upgrade	15,000	-	15,000
19 One-Time Existing Conditions Sampling Event	25,000	-	25,000
20 Total Capital Outlay	180,000	32,124	147,876
21 TOTAL	\$ 1,065,000	\$ 136,081	\$ 929,969

10.3

**NO
MATERIAL
PROVIDED**