



CASTROVILLE COMMUNITY SERVICES DISTRICT

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CASTROVILLE, CA 95012
FAX (831) 633-3103

President – David Lewis
Vice President – Ron Stefani
Director – Adriana Melgoza
Director – Silvestre Montejano
Director – Betty MacMillan

24-HOUR TELEPHONE: (831) 633-2560

General Manager – Eric Tynan
Board Secretary – Lidia Santos

Website: CastrovilleCSD.org

AGENDA REGULAR MEETING OF THE BOARD OF DIRECTORS TUESDAY, NOVEMBER 17, 2015 – 4:30 P.M. DISTRICT BOARD ROOM – 11499 GEIL STREET

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board meeting, please contact Lidia Santos, Board Secretary during regular business hours at (831) 633-2560. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

CALL MEETING TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS – (Limited to three minutes per speaker within the jurisdiction of items not on the agenda. Public will have the opportunity to ask questions or make statements as the Board addresses each agenda item.)

CONSENT CALENDAR:

1. Approval of the October 27, 2015 Rescheduled Board Meeting Minutes – **motion item**

CORRESPONDENCE:

1. None

INFORMATIONAL ITEMS:

1. *Monterey Herald* – Eric Sabolsice: Why local water rates must change
2. *Public CEO* – California's Epic Drought Creates Significant Challenges and Opportunities for Special Districts
3. *Monterey Herald* – Key recycled water pact heads to Board of Supervisors
4. *Los Angeles Times* (Source: NOAA Climate Prediction Center) – How recent increases in ocean temperatures compare to strongest El Niño on record
5. *Los Angeles Times* (Source: NOAA Climate Prediction Center) – El Niño keeps getting stronger, raises chance of drenching rains

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PRESENTATION:

1. Hinricher, Douglas & Porter LLP, Certified Public Accountants to present audit report for fiscal year ended June 30, 2015 – Gary Porter and Brian J. Cousino, CPA's

UNFINISHED BUSINESS:

1. Resolution No. 15-9, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2015, as Prepared by Hinricher, Douglas & Porter, Certified Public Accountants – **motion item**
2. Property owner informational meeting to present water rate structure and provide questions and answers (Q&A) sessions regarding the proposed water rate increase and Public Hearing Date scheduled for December 15, 2015 at 4:30 p.m. District board room – Dennis Klingelhofer, VP with Harris & Associates
3. Update on well levels, chlorides and conductivity – Eric Tynan, General Manager
4. Update on Castroville CSD's conservation measures put in place for District customers both residential and commercial – Eric Tynan, General Manager
5. Update on the local groundwater sustainably agency (GSA) representation and formation – Eric Tynan, General Manager
6. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – Eric Tynan, General Manager
7. Update on tax measure for North County Recreation and Park District (NCRPD) – Eric Tynan, General Manager
8. Update on Proposition 84 IRWM 2015 Implementation Grant Solicitation Draft Funding Recommendations; Castroville CSD grant request of \$4.9 million was not selected – Eric Tynan, General Manager

NEW BUSINESS:

1. Update on Castroville Boulevard Bicycle/Pedestrian and Railroad Crossing Bridge; Project No. 8622 concerning the sewer relocation – Eric Tynan, General Manager
2. Approve proposal with De Nora Water Technologies, Inc. for media change out services for Well 5 (formerly Well 2B) – **motion item**

BOARD OF DIRECTORS COMMUNICATION: When needed, this time is reserved for the Board of Directors to communicate activity, educational classes, and/or Committee reports.

1. Update on MRWPCA board meeting – Ron Stefani, Vice President
2. Update on other meetings/educational classes attended by the Directors

GENERAL OPERATIONS:

1. **General Manager's Report** – Compliance Update, Current Projects Update, Seminars Update, Staff Update, Suggestive Projects Discussions
2. **Operation's Report**
 - a) Water – Pumpage & Usage Update, Water Testing Update, Current Installation
 - b) Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues

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- c) Sewer & Storm Drain – Jetting, Current Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
- 3. **Customer/Billing Reports** – A/R Update, Water Sales, Water Usage
- 4. **Financial Reports** – Treasures Report-L.A.I.F., ****Internal Report**** and Administration Update

LIST OF CHECKS – October 2015 – motion item

ITEMS FOR NEXT MONTHS AGENDA: Tuesday, December 15, 2015 at 4:30 p.m.

CLOSE:

Adjournment to the next regular scheduled Board Meeting – **motion item**

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 11499 Geil Street, Castroville, California.

Certification of Posting

I certify that on November 13, 2015, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of the Castroville Community Services District, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2).

Executed at Castroville, California, on November 13, 2015.

Lidia Santos, Board Secretary

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF
CASTROVILLE COMMUNITY SERVICES DISTRICT
October 27, 2015

Vic President Ron Stefani called the meeting to order at 4:32 p.m.

ROLL CALL:

Directors Present: Vice President Ron Stefani, Director Silvestre Montejano and Director Betty MacMillan

Absent: President David Lewis and Director Adriana Melgoza

General Manager: Eric Tynan

Secretary to the Board: Lidia Santos

Staff Present: None

Guest: Lloyd Lowrey, Dennis Klingelhofer, Patrick Dobbins, and Grant Leonard

PLEDGE OF ALLEGIANCE

Director Silvestre Montejano led the Pledge of Allegiance.

PUBLIC COMMENTS

1. None

CONSENT CALENDAR

1. A motion was made by Betty MacMillan and seconded by Silvestre Montejano to approve the minutes of the September 15, 2015 Regular Board Meeting. The motion carried by the following vote:

AYES:	3	Directors:	Stefani, Montejano, and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Lewis

Consent Calendar accepted as presented

CORRESPONDENCE:

1. Comment letter regarding the In-Basin Water to the CPUC from Castroville CSD General Manager Eric Tynan.

Correspondence Calendar accepted as presented

INFORMATIONAL ITEMS:

1. *Monterey County Farm Bureau* – Monterey County progress on groundwater sustainability
2. *Monterey Herald* – Water authority: Consider Seaside golf courses for desal returned water
3. *Monterey Herald* – Coastal Commission staff backs Cal Am test well resumption
4. *Monterey Herald* – Recycled water final EIR done, Oct. 8 hearing set
5. *Monterey County Weekly* – Brace for Impact
6. *Monterey Herald* – Groundwater replenishment project forges ahead of desal projects in PUC review

Informational items accepted as presented

PRESENTATIONS:

1. Presentation of amended (without Well 6) Water Rate Study- Dennis Klingelhofer, Market Leader-Community Services-VP with Harris & Associates introduced himself to the Board and announced that Mike Sylvia, Senior Project Manager, Public Finance was no longer with Harris & Associates. Mr. Sylvia left for another job opportunity and Mr. Klingelhofer will be taking his place. Mr. Sylvia had reviewed the water utility rate study with the Board at last month's board meeting and the Board had requested to exclude Well 6 from the study. A copy of the amended study can be viewed on pages 21-41 of the board packet. The proposed rate structures would be by meter size and a single water rate per cubic foot for fiscal year end 2016, 2017, 2018, 2019 and 2020. The current and proposed rate structures can be viewed on page 24, Table 1 of the board packet. Even with the proposed rate structures, Castroville CSD

in comparison to other area water utilities is still the lowest cost water provider among those displayed (Table 12 and Chart 7 on page 38) for the average single family residential (SFR) customer with a ¾" meter and 1000 cubic foot of monthly usage. SFR customers with ¾" meters represent the majority customer class within the Castroville CSD water system customer group. Castroville CSD has not raised water rates since 2004. The primary recommendations are to follow Proposition 218 guidelines for compliance and given a recent legal outcome related to multiple water usage tiers, *CTA vs. City of San Juan Capistrano*, and the fact that Castroville CSD's sole source of water is groundwater, a key consideration of this rate study was creating a rate structure with a single commodity rate or tier per water unit consumed. This is important due to the legal requirements borne out of this legal decision. Lastly, the recommended rate structure was largely designed to fund capital improvement plan budget items within the rate structure. General Manager Eric Tynan requested the Board skip forward to New Business, item one on the Agenda and then return to Unfinished Business. Vice President Ron Stefani proceeded with New Business to review and approve the five year CIP presented.

UNFINISHED BUSINESS:

1. Accept Water Rate Study and setting of "Public Hearing Date" for adoption of the recommended rate structure – Vice President Ron Stefani stated that he was much more pleased with the amended rate study that did not include Well 6. Directors Betty MacMillan and Silvestre Montejano also agreed with Vice President Stefani. With Board approval, Mr. Klingelhofer stated that the "Notice of Public Hearing for the Castroville CSD, scheduled for Tuesday, December 15, 2015 meeting that will begin at 4:30 p.m. regarding proposed water rate adjustments will be mailed in English and Spanish this Friday, October 30, 2015 to each property owner and water customer. District Legal Counsel recommended the District at the next meeting adopt some guidelines on how protest votes will be tabulated. Furthermore, only one protest per property will be counted. The code provides guidance. After some discussion, a motion is made by Silvestre Montejano and seconded by Betty Macmillan to accept the Castroville CSD Water Rate Study and setting of "Public Hearing Date", Tuesday, December 15, 2015 at 4:30 p.m. The motion carried by the following vote:

AYES:	3	Directors:	Stefani, Montejano, and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Lewis

2. Update on well levels, chloride and conductivity – General Manager Eric Tynan informed the Board on the current static well levels. As of October 2015, Well #2 is currently at -22 feet below sea level, Well #3 is at -45.3 feet below sea level, and Well #4 is at -55.3 feet below sea level. A graph of the well trends for the months January 2015 through October 2015 can be viewed on page 43 of the board packet. The well levels continue to slightly improve from the previous month. Most agriculture farming has started to move to Arizona. Forecasters are now predicting El Niño may hit us this winter after all. The chloride and conductivity levels for the Well #3 continue to hold steady as well.
3. Update on Castroville CSD's conservation measures put in place for District customers both residential and commercial – General Manager Eric Tynan reported to the Board that conservation efforts are still going well. As the graph shows, there is a drop in water usage from 2013 versus 2015. The graph can be viewed on page 44 of the board packet. For the month of September 2013 water usage was 26.4 million gallons and September 2015 it is 24.2 million gallons. Customers continue to do their part to conserve.
4. Update on the local groundwater sustainability agency (GSA) and representation – General Manager Eric Tynan reported to the Board that Monterey County Water Resources Agency (MCWRA) has selected a facilitator for the GSA. He spoke briefly on the telephone with the facilitator this morning, who had called to schedule a one hour phone conference for the 29th of October with Castroville CSD. Both General Manager Eric Tynan and Vice President Ron Stefani plan to be present for the scheduled phone conference at the District office this Thursday at 2:p.m on the 29th of October.

5. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – General Manager Eric Tynan informed the Board that the adsorbitive media vessels were installed. The project is now on schedule and on budget. The District is preparing to integrate the monitoring and control systems. A photo montage was presented to the Board that shows the progression that has been made on this project to date.
6. Update on tax measure for North County Recreation and Park District (NCRPD) – General Manager Eric Tynan informed the board that NCRPD Board Member Grant Leonard was present to provide an update on the tax measure. Mr. Leonard submitted a 2015 Capital Improvement Program for NCRPD, which can be viewed on pages 45-53 of the board packet. He provided an overview on the following contents: district information, funding for the district, district facilities and capital improvement program. Once the 2015 Capital Improvement Program is finalized, the next step would be to get the community's input and support to be able to go out for a tax measure. He also announced that General Manager Judy Burditt plans to retire by the end of 2016. At the last NCRPD meeting, the board put in place a succession plan and part of that plan was restructuring current staff. The Board eliminated the Assistant General Manager and Administrative Assistant positions. Some staff was given new titles and duties. They are currently hiring a Director of Finance so the entire burdens of all these duties are just not solely the responsibility of the General Manager.

NEW BUSINESS:

1. Approve five year CIP 2016/2020 for Water (Castroville Zone 1), Sewer and Governmental (Castroville Zone 1), Sewer and Governmental (Moro Cojo, NMCHS, Monte Del Lago Mobile Park Zone 2) and Sewer (Moss Landing Zone 3) – General Manager Eric Tynan presented a five year CIP 2016/2020 for all the District funds. A change needed to be made to the CIP for Water. Radio read meters are reflecting under Capital Improvement Projects and will need to be allocated to General Operation Expenses instead; \$25,000 for the next five years since it is the repair and maintenance of the registers for these meters. A motion is made by Betty MacMillan and seconded by Silvestre Montejano to approve the five year CIP 2016/2020 for Water (Castroville Zone 1) with the amendment , Sewer and Governmental (Castroville Zone 1), Sewer and Governmental (Moro Cojo, NMCHS, Monte Del Lago Mobile Park Zone 2) and Sewer (Moss Landing Zone 3) that was presented. The motion carried by the following vote:

AYES:	3	Directors:	Stefani, Montejano, and MacMillan
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	2	Directors:	Melgoza and Lewis

2. Update on Cal Am and Monterey County Water Resources Agency regarding the In-Basin Water from the Monterey Peninsula Water Supply Project (desal) – General Manager Eric Tynan met with the Mayor of Carmel Jason Burnett to discuss Castroville CSD possibly taking the In-Basin water. It was discussed with General Manager David Chardavoyne from Monterey County Water Resources Agency (MCWRA) on possibly creating an MOU between MCWRA, Cal AM, Carmel and Castroville CSD regarding the In-Basin water. However, there is nothing concrete at this time.
3. Authorize Director Adriana Melgoza to attend the Public-Private Partnerships for Water Sector, October 28 and 29, 2015, hosted at Stanford University – Director Adriana Melgoza was on vacation in Mexico and reported by email to General Manager Eric Tynan that she was evacuated to a shelter on the 23rd of October due to hurricane Patricia and not sure what day she would be returning to the USA. She was not present at this board meeting and for this reason the Board decided to take no action on this item as she may still be out of the country.
4. Authorize interested Directors and General Manager to attend ACWA's 2015 Fall Conference & Exhibition, December 1-4, 2015 in Indian Wells, CA – ACWA's 2015 Fall Conference & Exhibition is scheduled to be held this December 1-4 in Indian Wells, CA. After some discussion Vice President Ron Stefani stated that he was interested in attending. General Manager Eric Tynan also stated he may be interested to attend as well. A motion is made by Betty MacMillan and seconded by Silvestre Montejano to authorize Vice President Ron Stefani and General Manager Eric Tynan to attend ACWA's Fall Conference & Exhibition. The motion carried by the following vote:

AYES: 3 Directors: Stefani, Montejano, and MacMillan
NOES: 0 Directors: None
ABSENT/NOT
PARTICIPATING: 2 Directors: Melgoza and Lewis

BOARD OF DIRECTORS COMMUNICATION: When needed, this time is reserved for the Board of Directors to communicate activity, educational classes, and/or Committee reports.

1. Update on MRWPCA board meeting – Director Ron Stefani reported that the MRWPCA met on the 8th of October to approve the EIR Ground Water Replenishment Project. Yesterday MRWPCA approved the Amended and Restated Water Recycling Agreement between MRWPCA and Monterey County Water Resources Agency.
2. Update on CSDA Annual Conference – Director Ron Stefani stated that he enjoyed the conference and the various topic items discussed. He learned that CalPERS is reducing the discount rate and is looking to raise employees' contribution in order to offset the employers' contributions. Director Silvestre Montejano was scheduled to attend the Public Speaking workshop and stated that he thought it was on Tuesday not Monday and apologized for not attending the workshop. Directors Melgoza and Lewis were not present to provide an update on the conference.

GENERAL OPERATIONS

1. General Manager's Report – Compliance update, current projects update, meetings/seminars update, staff update, suggestive projects discussions
2. Operation's Report
 - a) Water – Pumpage & Usage Update, Water Testing Update, Current Installation
 - b) Water -Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
 - c) Sewer & Storm Drain – Jetting, Current Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
3. Customer /Billing Reports – Water Sales, Water Usage, A/R Update, Customer Service Update
4. Financial Reports – Treasures L.A.I.F. Report, Internal Report, Administration Update

General Operations Reports were accepted as presented

CHECK LIST – September 2015. A motion was made by Betty MacMillan and seconded by Silvestre Montejano to pay all bills presented. The motion carried by the following vote:

AYES: 3 Directors: Stefani, Montejano, and MacMillan
NOES: 0 Directors: None
ABSENT/NOT
PARTICIPATING: 2 Directors: Melgoza and Lewis

CLOSE:

There being no further business, a motion was made by Betty MacMillan and seconded by Silvestre Montejano to adjourn to the next scheduled Board meeting; the motion carried by the following vote:

AYES: 3 Directors: Stefani, Montejano, and MacMillan
NOES: 0 Directors: None
ABSENT/NOT
PARTICIPATING: 2 Directors: Melgoza and Lewis

The meeting adjourned at 5:14 p.m. until the next scheduled meeting.

Respectfully submitted by,

Approved by,

Lidia Santos
Secretary to the Board

Ron Stefani
Vice President

Eric Sabolsice: Why local water rates must change

By Eric Sabolsice, Guest commentary

Posted: 10/31/15, 6:44 PM PDT | Updated: 1 day ago

[0 Comments](#)

On the Monterey Peninsula, 95 percent of the costs required to operate the water system are “fixed,” meaning they stay the same regardless of the amount of water consumed. The cost to maintain the infrastructure required to treat and deliver water does not decrease if we use less water.

The simplest way to price water would be to take this cost and divide it by the amount of water consumed. Everyone would pay the same rate no matter how much water they used. While water rates would no doubt be equitable, there would be little incentive to conserve.

For decades, people on Monterey Peninsula have paid conservation rates, progressively increasing tiered rates that charge more for higher levels of water use. In 2010, in response to the state-issued cease-and-desist order that limited pumping from the Carmel River by nearly 70 percent, the California Public Utilities Commission made these rates more aggressive, doubling prices in the top tiers.

At the time, this plan was endorsed by the Monterey Peninsula Water Management District, the Office of Ratepayer Advocates and California American Water. Even the Monterey Herald editorialized in favor of it.

The new rates were intended to achieve water savings, and did. But they also produced a problem. The drop in consumption at the top tiers resulted in a significant shortfall of revenue. While the water saved was important to complying with the state’s cutback order, the amount of savings was disproportionate to the amount of revenue lost, which over the past five years has accrued to \$40 million.

This shortfall was caused not only by the steepness of the tiered rates, but by the decision to recover only 15 percent of our fixed costs through the monthly service charge. The remaining 85 percent was to be collected through consumption charges, which proved too volatile.

The CPUC anticipated this problem, but not its extent. They created a balancing mechanism that allowed Cal Am to place surcharges on bills to recoup the difference between revenue authorized and collected. The mechanism failed, however, because the surcharges were applied unevenly. They weren't added to water consumed at the lowest tier, which accounts for well over half of all residential water used, and instead were applied disproportionately to the higher tiers, exacerbating the problem.

Last year approximately 80 percent of all residential water consumed was billed in the first two, lowest priced tiers of the rate structure. The price for this water is subsidized by customers in the higher tiers. While less than 5 percent of water consumed is billed at tier five, it produces 24 percent of the revenue collected from residential customers.

At Cal Am, we believe the way we charge for water on the Monterey Peninsula must change to be more equitable. We filed an application with the CPUC in July to correct many of the issues posed by our current rates. Our application does not seek to increase the amount of revenue we're permitted to collect; rather, it seeks to structure rates so they will recover authorized costs and distribute those costs more evenly among customers.

We're also requesting that 30 percent of our fixed costs be recovered through the monthly service charge. We're seeking to reduce the subsidy to tier one and to bring the price of all tiers closer to the average cost of serving customers. We're seeking to spread the collection of surcharges more broadly and to recover the revenue shortfalls of the past five years over a longer period than typically allowed by the CPUC in order to lessen the impact.

It's important to know that when the CPUC authorizes the amount of revenue required to run our local water system, they also fairly allocate that cost among different categories of water users. The CPUC makes this split according to a mathematical formula based on water use and meter size with the goal of ensuring each group pays their proportionate share. If you develop a weighted average of how much businesses and residents pay per unit of water, you'll find the residential rate is about a penny a gallon at \$0.013, while the business rate is slightly higher at \$0.015.

Our goal is to reform local water rates to continue to encourage water savings and cover the cost of providing water service.

Eric Sabolsice is director of operations for California American Water in Monterey County.



California's Epic Drought Creates Significant Challenges And Opportunities For Special Districts

Posted by : [California Special Districts Association](#) October 26, 2015

By Hanspeter Walter, Kronick, Moskovitz, Tiedemann & Girard.

The drought California is suffering – the worst in modern times – is profoundly affecting special districts whose missions and operations are intertwined with water. These districts face the acute challenges and hardships of this drought on a daily basis. The drought is an immediate crisis, but it also presents important opportunities for special districts to ensure that they, their constituents, and California are prepared to thrive in a future of increased water scarcity.

The New Era of Sustainable Groundwater Management

The drought has predictably caused many areas to rely heavily on groundwater. Record high levels of groundwater pumping and falling groundwater levels, which were occurring in some areas even before the drought, did not go unnoticed by the Legislature. So last year, for the first time in California's history, it enacted a statutory scheme to regulate groundwater.

The Sustainable Groundwater Management Act, Water Code § 10720 et seq., ("SGMA") has significant implications for any special district using groundwater. SGMA's requirements apply to about 127 high- and medium-priority groundwater basins throughout the state. It requires special districts, cities, or counties to achieve groundwater sustainability, which generally means that no more groundwater is pumped than is recharged to the aquifer. Local agencies may also voluntarily choose to implement provisions of SGMA in lower priority basins.

SGMA's first major requirement is designation of groundwater sustainability agencies ("GSA"). Any local public agency that has water supply, water management, or land use responsibilities within a groundwater basin is eligible to become a GSA. A patchwork of local agencies may separately choose to be GSAs to regulate portions of a

basin in coordination, or such agencies may form a joint powers authority to serve as GSA. Counties are the default if no other local agencies within a basin elect to be GSAs, but counties may refuse. If no local agencies elect to become the GSAs for a basin by June 30, 2017, the State Water Resources Control Board (“Water Board”) may step in to regulate the basin.

SGMA’s other key requirement is that GSAs adopt detailed groundwater sustainability plans by 2020, for some critically overdrafted basins, or by 2022 for other medium- and high-priority basins. Plans must include detailed water budgets for basins and chart a path to sustainability within 20 years. The Water Board will review plans and may step in to impose its own “interim” sustainability plan if local plans: (1) are not timely prepared, (2) are insufficient, or (3) are not implemented to achieve sustainability. Local agencies that become GSAs will have sweeping powers to implement plans, including: (1) requiring measuring and reporting pumping, (2) restricting pumping, (3) imposing well-spacing requirements, (4) prohibiting new wells, and (5) imposing fees to fund their monitoring and management activities, which may include constructing new facilities and acquiring alternative water supplies.

For many groundwater basins, achieving sustainability may require pumping restrictions or the development of alternative water supplies. Thus, difficult choices and conflicts seem unavoidable. In addition to protecting their own interests, SGMA presents a prime opportunity for special districts to exercise leadership in the management and stewardship of their local groundwater resources.

Because special districts operate under so many different enabling statutes, each impacted district must carefully consider its existing policies and authorities when determining how to implement water reduction mandates.

The Increasing Focus on Efficient Water Use

State and local agencies have taken a multitude of actions in response to the drought. One of the most significant is the Water Board’s adoption on May 5, 2015 of emergency regulations mandating reductions in potable urban water use ranging from eight percent to 36 percent depending on district. (23 Cal. Code Regs. § 863 et seq.) The regulations raise a host of specific legal and practical issues, including:

- What water conservation measures can and should districts implement?
- How can districts enforce water conservation measures?
- How can districts address the potential loss of revenue from reduced water use?
- Can and will the Water Board penalize districts that fail to meet the water reduction targets?

Because special districts operate under so many different enabling statutes, each impacted district must carefully consider its existing policies and authorities when determining how to implement water reduction mandates. Furthermore, a recent 4th District Court of Appeal opinion in Capistrano Taxpayers Ass. v. City of San Juan

Capistrano may have dealt a significant setback to water conservation efforts by finding a fairly routine tiered water rate structure (i.e., the more you use the more you pay) unconstitutional under Proposition 218. Unless depublished or reversed, the opinion will cast a cloud over one of the most effective ways to reduce water use.

The State is also spearheading a host of other regulatory changes and programs to further reduce water use and demand. The Energy Commission will implement a multi-million dollar high-efficiency appliance rebate program. The Department of Water Resources (“DWR”) will oversee similar programs to install low-flow toilet and remove lawns. Special districts should look to partner with these agencies to create or augment their own parallel programs, or assess whether they can avail themselves of some of these incentives to reduce their own water use and operating costs. The Building Standards Commission and DWR will also amend the Building Code and Model Water Efficient Landscape Ordinance to impose leaner outdoor watering budgets on residential, commercial, school, and hospital projects. These and other state and local programs will enable Californians to do more with less water.

Special Districts Must Lead the Charge to Safeguard California’s Water Future

California’s continued economic and demographic growth is in part a testament to the stellar, but often unnoticed, performance of various special districts to capture, supply, treat, deliver, and dispose of water supplies. This drought, however, appears to have triggered a new social and political consciousness regarding the importance and scarcity of water in California, which will not fade when the rain and snows return. Indeed, the administration and key officials have stated their intent that this water ethos be the new normal. This seems prudent considering that climate change will likely alter California’s hydrology and precipitation patterns for the worse.

A vast array of special districts must adapt and prepare California for its new water future. They will carry out the laws, regulations, and programs established during the drought long after this crisis passes, but they must also work to implement new programs and projects involving, for instance, stormwater capture, water recycling, groundwater recharge, and water quality. Urban and agricultural water districts, community services districts, stormwater and flood control districts, and park, recreation, and cemetery districts, among others, figure to have prominent roles. There are literally hundreds of millions of dollars available to kick start water projects and programs through the recently passed Proposition 1, other bond measures, and other local and state programs. Special districts must seize this public, political, and financial momentum to ensure California’s water use remains among the most dynamic, efficient, and innovative in the world.

Key recycled water pact heads to Board of Supervisors

By [Jim Johnson](#), Monterey Herald

Posted: 11/02/15, 10:14 PM PST | Updated: 6 hrs ago

Salinas >> A critical source water agreement for the proposed Monterey Peninsula groundwater replenishment project, and expanded North Monterey County agricultural irrigation, is headed to the Board of Supervisors on Tuesday after the county Water Resources Agency board blessed it Monday.

By a 6-0 vote, including a thumbs-up from new water board member Abby Taylor-Silva by phone from Phnom Penh, Cambodia, the county water board agreed to recommend that the supervisors grant final approval to the deal splitting up a range of wastewater sources from the Peninsula to the Salinas Valley for use in the recycled water proposal.

The supervisors are set to consider the agreement during the 10:30 a.m. session of Tuesday's meeting at the County Government Center in Salinas.

County water board member Ken Ekelund said the agreement was a key part of a "historic opportunity" for the Peninsula and Salinas Valley to collaborate on converting wastewater into much-needed potable and irrigation water to offset groundwater overdraft in both areas and address the need to treat the Salinas Valley's water pollution challenges.

"I don't think the Salinas Valley will get a better deal," Ekelund said.

Under the agreement negotiated between the county water agency, the Monterey Regional Water Pollution Control Agency and Monterey Peninsula Water Management District, about 8,700 acre-feet per year of contaminated water from the Salinas city produce wash water ponds, the Blanco Drain and the Reclamation Ditch would be split between an expanded Castroville Seawater Intrusion Project and the Peninsula for injection into the Seaside basin and later use. The latter would serve as a supplement to the proposed California American Water desalination plant if it proves to be similar in cost.

The agreement gives the Water Pollution Control Agency first right to the new Salinas Valley wastewater even if the total amount drops. It also affirms the Salinas Valley growers' right to all of the Peninsula's wastewater for the Castroville project's irrigation, except a small amount dedicated to the Water Pollution Control Agency. But it gives up the growers' contention that they are guaranteed up to 19,500 acre-feet of wastewater.

All source water would be commingled and treated in either the Water Pollution Control Agency's existing treatment plant for irrigation or in the agency's proposed new treatment plant to drinking water standards.

The Water Pollution Control Agency board has already approved the agreement.

While the Castroville project expansion portion of the agreement depends on several precedent conditions — including a third party review of project finances, an engineer's report and a successful assessment agreement or vote — and questions remain about the expansion's per-user cost, the agreement's source water allocation would remain in effect even if one of the precedents are not met, as would other elements of the agreement.

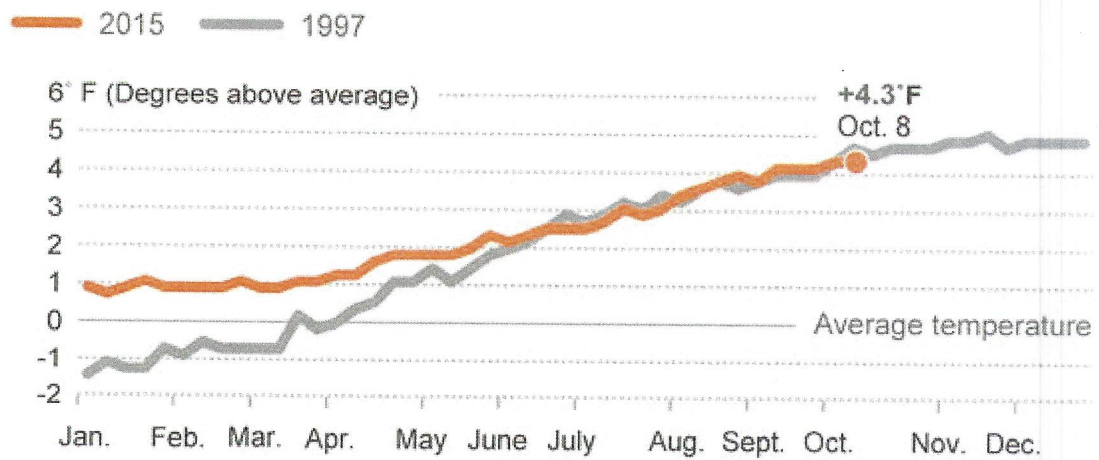
County water agency general manager David Chardavoyne acknowledged there remains a lot of work to be done. But he said the agreement as proposed needs to be approved for the groundwater replenishment project to go forward, and there's not enough time to address all the conditions.

Chardavoyne played a key role in negotiating the agreement along with water management district general manager Dave Stoldt and Water Pollution Control Agency general manager Paul Sciuto.

Sciuto said the agreement — and others, including a water purchase agreement with Cal Am for the Peninsula water — must be in place when the Water Pollution Control Agency submits an application this month for low-cost state financing that could help lower the cost of the groundwater replenishment project to be competitive with desal.

The agreement must also be approved ahead of next year's testimony on the groundwater replenishment project before the state Public Utilities Commission, which will decide if the project will serve as a supplement to desal and allow Cal Am to build a smaller plant. The project is also expected to be finished earlier than the desal plant and could help offset Carmel River overdraft sooner.

How recent increases in ocean temperatures compare to strongest El Niño on record



Source: NOAA Climate Prediction Center

@latimesgraphics

Raoul Rañoa

Federal officials said they expect El Niño rains to ease drought conditions in California, but they're not expected to eliminate the drought because the state is so far behind on precipitation.

The chance of heavy rain is strongest in Los Angeles and San Diego, where there is a 60% chance of a wet winter, a 33% chance of an average winter and less than a 7% chance of a dry winter.

In Silicon Valley, there is more than a 50% likelihood of a wet winter and less than a 17% chance of a dry winter. Farther north, there is a greater than 40% chance of a wetter-than-average rainy winter in San Francisco and Sacramento, and less than a 27% probability of a drier-than-normal winter.

With the latest prediction, the far northern parts of California — now reaching the border with Oregon — are expected to have a 33% to 39% chance of a wetter-than-average winter, and a 28% to 33% chance of a dry one. Last month, the climate forecast for that area was only equal chances of a wet or dry winter.

The latest winter climate forecast for the January-February-March time frame comes as El Niño is still very strong in the Pacific Ocean west of Peru. El Niño is a weather phenomenon that involves warming sea-surface temperatures and a change in wind that alters weather patterns in the atmosphere worldwide.

A powerful El Niño can move the jet stream that funnels wet winter storms over the jungles of southern Mexico and Central America north, dousing California and the southern United States with dramatic, punishing and potentially deadly winter rain.

Halpert said the power of the upcoming El Niño likely will be comparable to the 1982-83 and the 1997-98 El Niños. Those winters brought dramatic weather changes worldwide and extensive damage and flooding throughout California.



Marilyn Lane tries to shut a door as a wave rushes into her Solimar Beach home during a January 1998 storm.

(Alan Hagman / Los Angeles Times)

“The Sierras got double their snowpack in ’83 and ’98, and places like Sacramento and San Francisco got double their rainfall. So the whole state got hosed,” said Bill Patzert, climatologist at NASA’s Jet Propulsion Laboratory in La Cañada Flintridge.

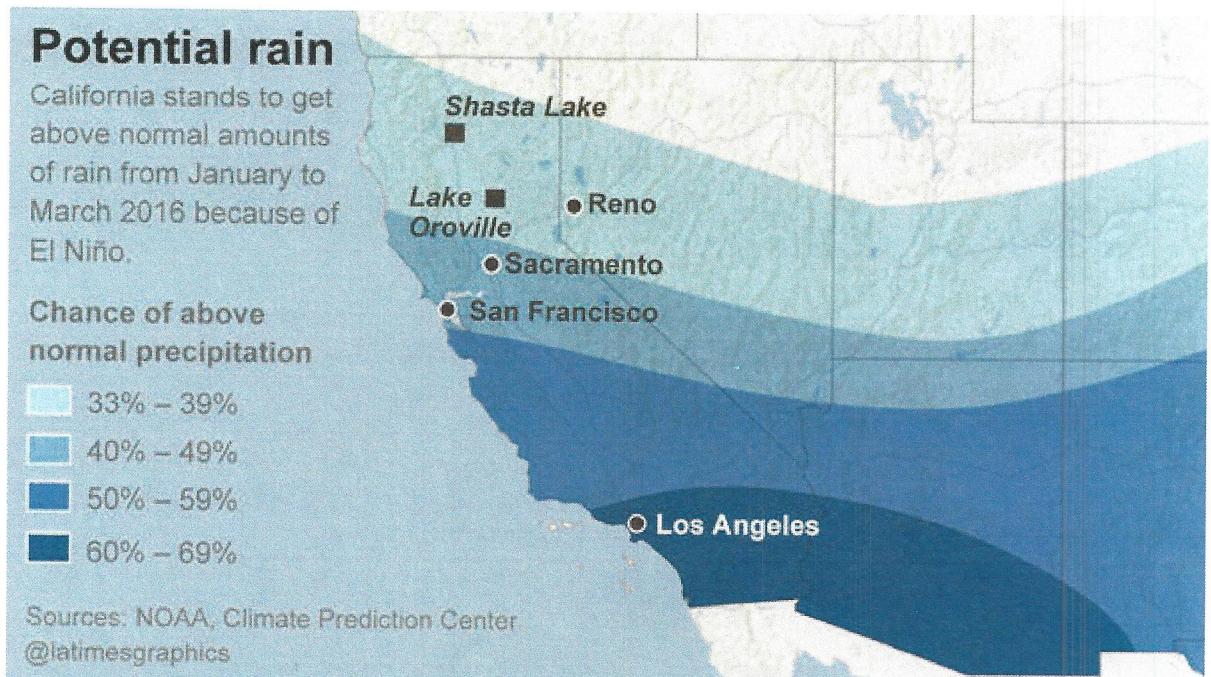
In early 1983, El Niño was so powerful that storms decimated piers all along the coast. A middle section of the landmark Seal Beach Pier collapsed, and the tip of Santa Monica’s historic pier washed into the sea.

One storm at the end of January 1983 damaged 1,000 homes between Santa Barbara and the Mexican border, with heavy surf worsened by unusually high tides pounding oceanfront neighborhoods.

“I knew it was all over when I saw the hot tub sail into the ocean,” a Malibu resident told The Times then. Los Angeles police said Sepulveda Boulevard at the top of Sepulveda Pass had turned into a “sea of mud.”

At the time, when there was very little understanding of El Niño, that winter came as a surprise.

El Niño keeps getting stronger, raises chance of drenching rains



Potential rain from El Niño.

[Rong-Gong Lin II](#) and [Raoul Rañoa](#) Contact Reporters

The National Weather Service now expects El Niño to bring greater-than-average rainfall to virtually all of California, forecasters said for the first time Thursday.

The new forecast is significant because it raises the chance that El Niño will send big storms not only to Southern California and the San Francisco Bay Area — as has already been forecast — but also to the mountains that feed California’s most important reservoirs, which fuel water for much of the entire state. California’s largest reservoirs, Shasta Lake and Lake Oroville, are in the northern edge of the state.

If patterns from previous strong El Niños repeat, “there will be a number of significant storms that will bring heavy rains. What that brings will be floods and mudslides,” said Mike Halpert, deputy director of the National Weather Service’s Climate Prediction Center. “We’re more confident we’re going to be seeing El Niño through this winter.”

A Los Angeles Times story then called El Niño “a strange, periodic warming trend in the Pacific,” with researchers unable to explain how the phenomenon worked.

California was better warned for El Niño’s arrival in the winter of 1997-98, but the damage was still severe.

In one storm at the end of February, the death toll climbed to nine. Among the dead: two California Highway Patrol officers whose car fell into a washed-out highway in San Luis Obispo County and a pair of Pomona College students whose car was crushed by a tree.

One devastating mudslide that hit Laguna Beach killed two people. Glenn Alan Flook, a lanky, athletic 25-year-old, had taken refuge in a neighbor’s home when it was struck by mud. He was thrown through a window as the room collapsed; his body was found wedged beneath a mobile home 50 yards downstream.

A mudslide also crushed much of the home of Nicholas Allen Flores, 43. His body was discovered in a fetal position on a green sofa in the family room.

That month in 1998 was the wettest February in Los Angeles on record. When the rains stopped, 17 people died, and more than half a billion dollars in damage had occurred in California by spring.

Officials have cautioned that even if El Niño rains came this winter, it would be all but impossible for them to end California’s punishing four-year drought. The state is so behind on precipitation, they say, that it would take many years of consistently wet winters to recover.

The importance of the El Niño storm of 1997-1998 is now coming into focus as scientists say the weather pattern is returning to Southern California with a vengeance.

Additionally, the last massive El Niño to hit California was succeeded a few months later by its sister, La Niña, the demon of drought, Patzert said.

Once they arrive, the storms won’t just stop in L.A. They will continue across the southern United States, Patzert said, through Texas and into Florida.

“And historically, Florida has gotten clobbered by these storms,” Patzert said. “The flip side of that is the northern tier of the United states tends to be relatively mild and benign.”

That means the polar jet stream that made blizzards so intense in the Midwest and Northeast, like Boston, are generally weak in strong El Niño years. “So while we’re digging out of the mudslides in California, they’re golfing in Minneapolis,” Patzert said.

RESOLUTION NO. 15-9

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CASTROVILLE COMMUNITY SERVICES DISTRICT
TO ACCEPT AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015**

NOW, THEREFORE, the board of Directors ("Board") of the Castroville Community Services District ("District") resolves as follows:

Hereby resolves to accept the District's audit report for the fiscal year ended June 30, 2015, as prepared by Hinricher, Douglas, & Porter, LLP, Certified Public Accountants.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly passed and adopted by the Board of Directors of the Castroville Community Services District, Monterey County, California, at a meeting thereof held on the 17th day of November, 2015, by the following vote:

AYES: Directors: _____

NOES: Directors: _____

ABSENT: Directors: _____

ATTEST:

APPROVED:

Lidia Santos, Secretary to the Board

Board Designee

Notice of Public Hearing
Castroville Community Services District Water Services - Regarding Proposed Water Rate Adjustments

Tuesday, December 15, 2015 - meeting will begin at 4:30 p.m.

Castroville Community Services District Board Room - 11499 Geil Street, Castroville, CA 95012

Each year Castroville Community Services District (CCSD) evaluates service needs, State mandated programs, operational costs, and capital repair/replacement expenses when composing its operating and capital improvement project (CIP) budgets. CCSD has not adjusted water rates since 2004, while its operating costs related to electricity, chemicals, gasoline, and other operational costs continue to increase. In addition to these escalating operating costs, CCSD's primary groundwater wells are threatened by salt water intrusion due to declining groundwater levels as a result of the severe drought currently facing California. Because of this groundwater drawdown, CCSD has built a replacement deep-aquifer well. However the new well requires additional construction to reduce the arsenic levels in the water. This arsenic removal process is estimated to cost \$1.4 million, and while CCSD has secured \$581,000 in grant funding to help defray the enormous expense, the only feasible way to fund this large project and continue to repair and/or replace other aging capital improvements used to provide water service to CCSD customers is with rate adjustments.

CCSD is proposing rate adjustments that will affect all CCSD customers, per the table below (FYE = Fiscal Year Ending, which is June 30th); however CCSD's rates would still be among the lowest in Monterey County with the new rates. At the 15th of December public hearing, customers who receive water services provided by CCSD will have the opportunity to provide input to the CCSD Board of Directors and Staff. An agenda and staff report for the 15th of December meeting for this item will be available by the 11th of December at <http://www.castrovillecsd.org/agendas-with-packet.html>.

CCSD Water Customers may provide comments to the Clerk of the Board regarding the proposed rate adjustments prior to the public hearing. If customers object to the proposed adjustments in the rate structure, they may file a written protest with the City Clerk at, or before, the time set for the public hearing.

A valid written protest must contain:

- A description of the property (such as address)
- Written evidence that the signer(s) is/are the customer of record for the account (provide copy of utility bill) or the owner of the property (provide copy of the current property tax bill)
- Note: Only one protest per property will be counted.

Comments and/or written protests may be mailed to: CCSD Clerk of the Board of Directors, P.O. Box 1065, Castroville, CA 95012. Written protests must be received prior to the close of the public hearing scheduled on December 15, 2015.

If a majority of CCSD Water Customers file written protests, the proposed rate changes will not be put into place. If you have questions regarding this notice, please call (831) 633-2560 Monday through Friday, 8 a.m. to 5 p.m.

Meter Size	Service Type	FYE 2015 Current	FYE 2016 Proposed	FYE 2017 Proposed	FYE 2018 Proposed	FYE 2019 Proposed	FYE 2020 Proposed
3/4" Meter	Water	\$ 14.87	\$ 16.60	\$ 18.33	\$ 19.24	\$ 20.01	\$ 20.81
1" Meter	Water	\$ 24.73	\$ 27.67	\$ 30.62	\$ 32.15	\$ 33.43	\$ 34.77
1 1/2" Meter	Water	\$ 37.61	\$ 48.72	\$ 59.84	\$ 62.83	\$ 65.34	\$ 67.96
2" Meter	Water	\$ 58.37	\$ 77.80	\$ 97.24	\$ 102.10	\$ 106.18	\$ 110.43
3" Meter	Water	\$ 98.15	\$ 146.35	\$ 194.54	\$ 204.27	\$ 212.44	\$ 220.94
4" Meter	Water	\$ 186.48	\$ 244.98	\$ 303.47	\$ 318.64	\$ 331.39	\$ 344.65
6" Meter	Water	\$ 280.02	\$ 445.00	\$ 609.98	\$ 640.47	\$ 666.09	\$ 692.74
2" Meter	FireLine	\$ 9.17	\$ 9.71	\$ 10.26	\$ 10.77	\$ 11.20	\$ 11.65
3" Meter	FireLine	\$ 13.70	\$ 16.50	\$ 19.31	\$ 20.27	\$ 21.08	\$ 21.92
4" Meter	FireLine	\$ 18.75	\$ 28.61	\$ 38.48	\$ 40.40	\$ 42.01	\$ 43.70
6" Meter	FireLine	\$ 27.41	\$ 56.98	\$ 86.55	\$ 90.87	\$ 94.51	\$ 98.29
8" Meter	FireLine	\$ 36.55	\$ 75.97	\$ 115.38	\$ 121.15	\$ 126.00	\$ 131.04
10" Meter	FireLine	\$ 45.70	\$ 100.07	\$ 154.44	\$ 162.17	\$ 168.65	\$ 175.40
12" Meter	FireLine	\$ 54.58	\$ 135.34	\$ 216.11	\$ 226.91	\$ 235.99	\$ 245.43
No Size	Surcharge	\$ 14.87	\$ 16.60	\$ 18.33	\$ 19.24	\$ 20.01	\$ 20.81
Water Rate per cubic foot (cf):							
Existing Tier 1 Rate/cf (0-500):		\$ 0.0076					
Existing Tier 2 Rate/cf (501+):		\$ 0.0140					
Proposed Single Rate/cf			\$ 0.0140	\$ 0.0161	\$ 0.0180	\$ 0.0198	\$ 0.0218

Aviso de Audiencia Pública
Servicios de Aguas de Castroville Community Services District – Tema: Ajustes Propuestos para las Tarifas de Aguas

Martes, 15 de Diciembre de 2015 – la reunión comienza a las 4:30 p.m.
Sala de juntas de Castroville Community Services District - 11499 Geil Street, Castroville, CA 95012

Cada año Castroville Community Services District (CCSD) evalúa las necesidades de servicio, los programas exigidos por el Estado, los costos operativos y gastos de reemplazo/reparación de capital cuando compone sus presupuestos operativos y de proyecto de mejora de capital. CCSD no ha ajustado sus tarifas por aguas desde el 2004, mientras que sus costos operativos relacionados con electricidad, productos químicos, gasolina y demás continúan incrementándose. Además de estos aumentos de costos, los principales pozos de aguas subterráneas (freáticas) de CCSD se ven amenazados por la intrusión de sales debida a la declinación de niveles en las aguas subterráneas producida por la severa sequía que afecta actualmente a California. Debido a esta retracción de las aguas subterráneas, CCSD ha construido un pozo para acuíferos profundos. Sin embargo, el pozo necesita de instalaciones adicionales para reducir los niveles de arsénico en el agua. Este proceso de extracción del arsénico tiene un costo estimado de \$1.4 millones, y si bien CCSD ha obtenido una subvención de \$581,000 para ayudar a costear los enormes gastos involucrados, la única forma viable de financiar este gran proyecto, y de continuar con la reparación y/o reemplazo de otras mejoras de capital obsoletas que se utilizan para proporcionar el servicio de aguas a los clientes de CCSD, es mediante ajustes en las tarifas.

CCSD propone ajustes de tarifas que afecten a todos los clientes de CCSD, de acuerdo con la tabla que se muestra a continuación (FAF = Fin del Año Fiscal, que se produce el 30 de Junio); sin embargo, las tarifas de CCSD continuarán siendo unas de las más bajas en el Condado de Monterey después de aplicado el aumento. En la audiencia del 15 de Diciembre, los clientes que reciben servicios de aguas provistos por CCSD tendrán la oportunidad de brindar su opinión a la Junta de Directores y personal de CCSD. Se pondrá a disposición la agenda e informe del personal para la reunión del 15 de Diciembre sobre este asunto en la página <http://www.castrovillecsd.org/agendas-with-packet.htm> a partir del día 11 de Diciembre.

Los clientes de servicios de aguas de CCSD pueden hacer llegar sus comentarios respecto del ajuste de tarifas antes de la reunión al secretario de la junta. Si los clientes no están de acuerdo con los ajustes propuestos para la estructura tarifaria, pueden registrar una protesta por escrito ante el secretario de CCSD al momento de la audiencia pública, o previamente.

Una protesta válida por escrito debe contener:

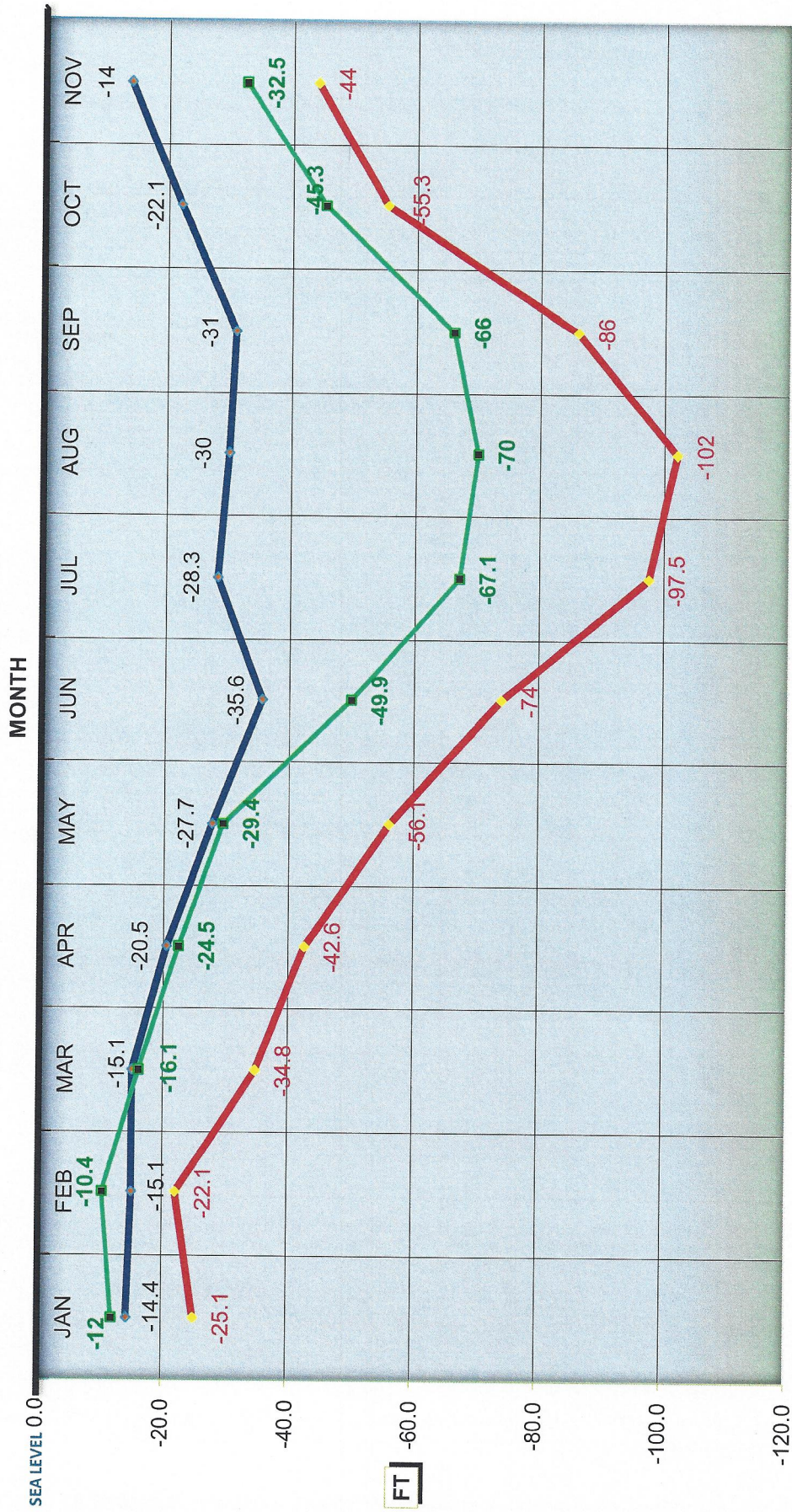
- Una descripción de la propiedad (tal como el domicilio).
- Evidencia documentada de que los firmantes son los clientes registrados de la cuenta (proveyendo copia de la factura de servicios) o dueños de la propiedad (proveyendo copia de factura de impuesto actual sobre la propiedad).
- Nota: Se tendrá en cuenta únicamente una protesta por propiedad.

Los comentarios y/o protestas por escrito pueden enviarse por correo a: CCSD Clerk of the Board of Directors, P.O. Box 1065, Castroville, CA 95012. Las protestas por escrito deben recibirse antes del cierre de la audiencia pública programada para el 15 de Diciembre de 2015.

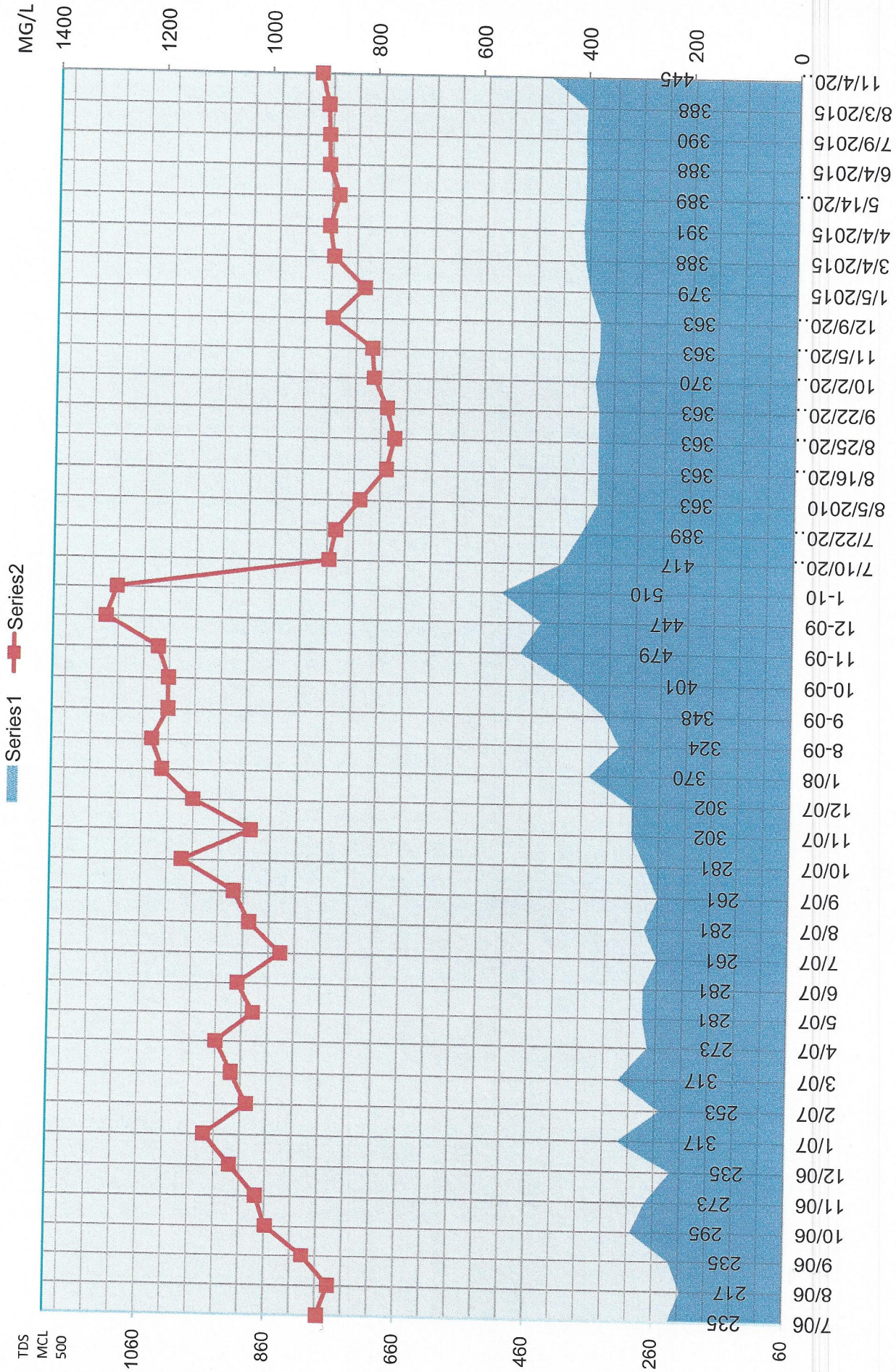
Si la mayoría de los clientes de servicios de aguas de CCSD presentan protestas por escrito, no se realizarán los cambios propuestos en las tarifas. Si tiene dudas respecto de este aviso, por favor llame al número (831) 633-2560 de Lunes a Viernes de 8 a.m. a 5 p.m.

Tam.de medidor	Tipo de servicio	FAF 2015 Actual	FAF 2016 Propuesto	FAF 2017 Propuesto	FAF 2018 Propuesto	FAF 2019 Propuesto	FAF 2020 Propuesto
Medidor 3/4"	Agua	\$ 14.87	\$ 16.60	\$ 18.33	\$ 19.24	\$ 20.01	\$ 20.81
Medidor 1"	Agua	\$ 24.73	\$ 27.67	\$ 30.62	\$ 32.15	\$ 33.43	\$ 34.77
Medidor 1 1/2"	Agua	\$ 37.61	\$ 48.72	\$ 59.84	\$ 62.83	\$ 65.34	\$ 67.96
Medidor 2"	Agua	\$ 58.37	\$ 77.80	\$ 97.24	\$ 102.10	\$ 106.18	\$ 110.43
Medidor 3"	Agua	\$ 98.15	\$ 146.35	\$ 194.54	\$ 204.27	\$ 212.44	\$ 220.94
Medidor 4"	Agua	\$ 186.48	\$ 244.98	\$ 303.47	\$ 318.64	\$ 331.39	\$ 344.65
Medidor 6"	Agua	\$ 280.02	\$ 445.00	\$ 609.98	\$ 640.47	\$ 666.09	\$ 692.74
Medidor 2"	Línea de incendios	\$ 9.17	\$ 9.71	\$ 10.26	\$ 10.77	\$ 11.20	\$ 11.65
Medidor 3"	Línea de incendios	\$ 13.70	\$ 16.50	\$ 19.31	\$ 20.27	\$ 21.08	\$ 21.92
Medidor 4"	Línea de incendios	\$ 18.75	\$ 28.61	\$ 38.48	\$ 40.40	\$ 42.01	\$ 43.70
Medidor 6"	Línea de incendios	\$ 27.41	\$ 56.98	\$ 86.55	\$ 90.87	\$ 94.51	\$ 98.29
Medidor 8"	Línea de incendios	\$ 36.55	\$ 75.97	\$ 115.38	\$ 121.15	\$ 126.00	\$ 131.04
Medidor 10"	Línea de incendios	\$ 45.70	\$ 100.07	\$ 154.44	\$ 162.17	\$ 168.65	\$ 175.40
Medidor 12"	Línea de incendios	\$ 54.58	\$ 135.34	\$ 216.11	\$ 226.91	\$ 235.99	\$ 245.43
Sin tamaño	Recargo	\$ 14.87	\$ 16.60	\$ 18.33	\$ 19.24	\$ 20.01	\$ 20.81
Tarifa de agua por pie cúbico (cf)							
	Tarifa actual nivel 1 por cf (0-500)	\$ 0.0076					
	Tarifa actual nivel 2 por cf (501+)	\$ 0.0140					
	Tarifa única propuesta por cf		\$ 0.0140	\$ 0.0161	\$ 0.0180	\$ 0.0198	\$ 0.0218

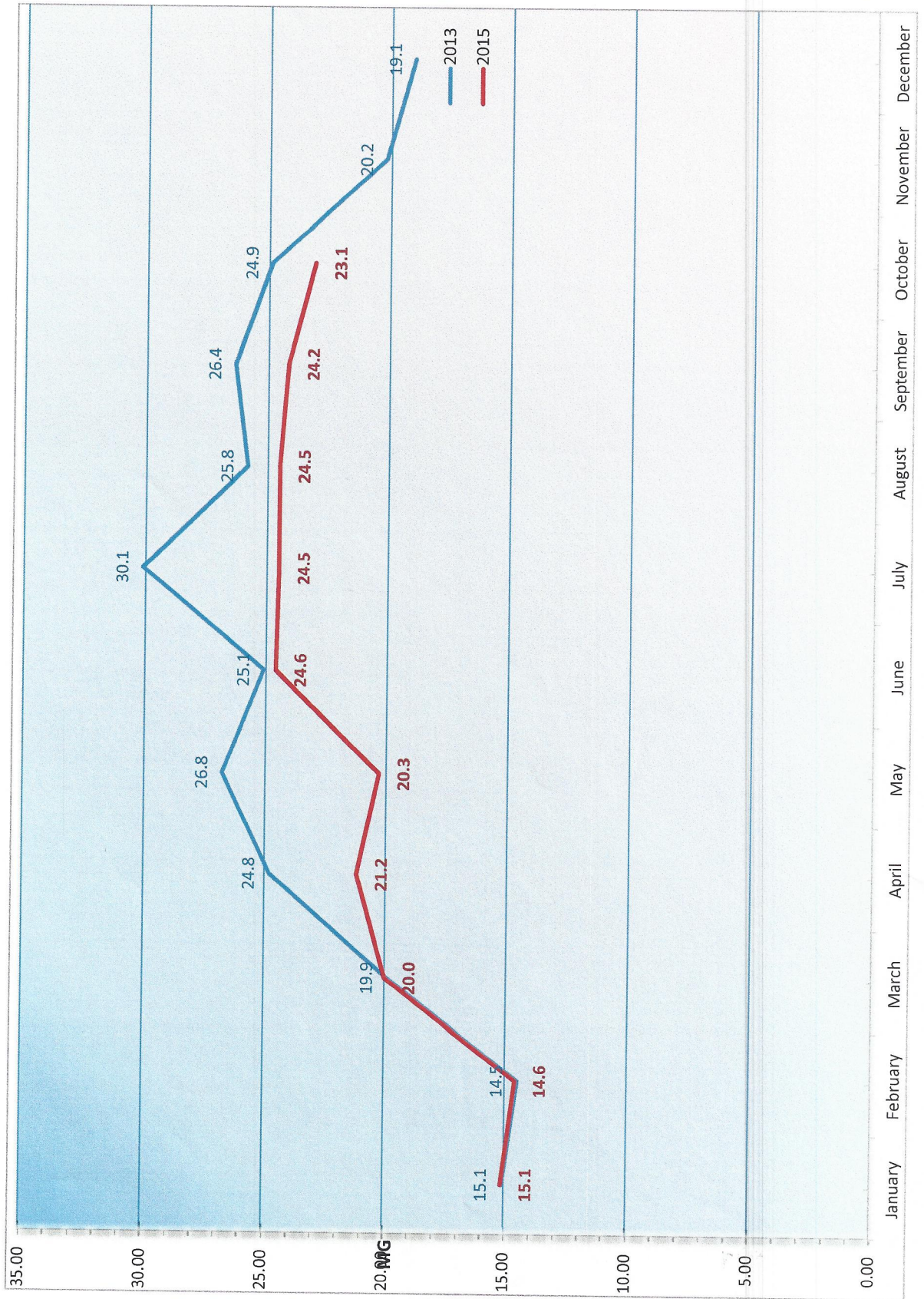
CASTROVILLE WELL LEVELS 2015



Chlorides & Conductivity



**CONSERVATION EFFORTS
2013 vs 2015**



**Proposition 84 IRWM 2015 Implementation Grant Solicitation
Draft Funding Recommendations
October 29, 2015**

Funding Area/ IRWM Region	Available Amount	Applicant	Score (Out of 29)	Grant Request	Recommended Award	% of Grant Request
North Coast	\$11,047,939					
North Coast		County of Humboldt	26	\$11,047,939	\$11,047,939	100%
		Total:		\$11,047,939	\$11,047,939	
San Francisco Bay	\$41,305,435					
San Francisco Bay Area		Association of Bay Area Governments	22	\$41,305,435	\$41,305,435	100%
		Total:		\$41,305,435	\$41,305,435	
Central Coast	\$4,937,016					
San Luis Obispo		San Luis Obispo County Flood Control and Water Conservation District	25	\$4,937,016	\$3,702,762	75%
Santa Cruz County		Regional Water Management Foundation	22	\$4,937,016	\$1,234,254	25%
Pajaro River Watershed		San Benito County Water District	20	\$4,937,016	\$0	0%
Greater Monterey County		Castroville Community Services District	19	\$4,936,228	\$0	0%
		Total:		\$19,747,276	\$4,937,016	
Los Angeles-Ventura	\$40,039,355					
Watersheds Coalition of Ventura County		County of Ventura	26	\$12,296,380	\$12,296,380	100%
Greater Los Angeles County		Los Angeles County Flood Control District	23	\$35,262,988	\$27,742,975	79%
Upper Santa Clara River		Castaic Lake Water Agency	19	\$16,229,000	\$0	0%
		Total:		\$63,788,368	\$40,039,355	
Santa Ana	\$64,267,686					
Santa Ana Watershed Project Authority		Santa Ana Watershed Project Authority	14	\$64,267,686	\$64,267,686	100%
		Total:		\$64,267,686	\$64,267,686	
San Diego	\$38,834,904					
San Diego		San Diego County Water Authority	27	\$31,131,415	\$31,131,415	100%
South Orange County Watershed Management Area		Orange, County of	25	\$4,949,368	\$4,949,368	100%
Upper Santa Margarita		Rancho California Water District	25	\$2,754,121	\$2,754,121	100%
		Total:		\$38,834,904	\$38,834,904	
Sacramento River	\$10,129,278					
American River Basin		Regional Water Authority	26	\$1,757,000	\$1,757,000	100%
Cosumnes American Bear Yuba		The Sierra Fund	23	\$945,510	\$945,510	100%
Westside (Yolo, Solano, Napa, Lake, Colusa)		Yolo County Flood Control and Water Conservation District	23	\$2,212,085	\$2,212,085	100%
Upper Sacramento-McCloud		City of Mt. Shasta	20	\$3,000,000	\$3,000,000	100%
Upper Pit River Watershed		North Cal-Neva Resource Conservation and Development Council, Inc.	18	\$951,745	\$951,745	100%
Yuba County		Yuba County Water Agency	15	\$1,802,244	\$1,262,938	70%
		Total:		\$10,668,584	\$10,129,278	
San Joaquin	\$6,674,438					
East Stanislaus		City of Modesto	26	\$6,674,438	\$5,005,829	75%
Yosemite-Mariposa		Lake Don Pedro Community Services District	24	\$3,762,943	\$1,001,547	27%
East Contra Costa County		Contra Costa Water District	24	\$2,506,234	\$667,062	27%
Mokelumne/Amador/Calaveras		Upper Mokelumne River Watershed Authority	22	\$2,313,264	\$0	0%
Westside - San Joaquin		San Luis and Delta Mendota Water Authority	22	\$6,674,438	\$0	0%
Eastern San Joaquin		Northeastern San Joaquin County Groundwater Banking Authority	22	\$4,451,673	\$0	0%
Merced		Merced Irrigation District	20	\$1,042,500	\$0	0%
Tuolumne-Stanislaus		Tuolumne Stanislaus Integrated Regional Water Management Authority	12	\$839,950	\$0	0%
		Total:		\$28,265,440	\$6,674,438	
Tulare-Kern	\$4,054,299					
Kern County		Buena Vista Water Storage District	27	\$4,048,000	\$3,036,000	75%
Poso Creek		North Kern Water Storage District	25	\$4,054,200	\$1,018,299	25%
Kings Basin Water Authority		Upper Kings Basin IRWM Authority	24	\$4,054,299	\$0	0%
Kaweah River Basin		Kaweah Delta Water Conservation District	22	\$1,446,417	\$0	0%
		Total:		\$13,602,916	\$4,054,299	
Lahontan	\$6,116,807					
Mojave*		Mojave Water Agency	26	\$794,231	\$794,231	100%
Inyo-Mono		Desert Mountain Resource Conservation & Development Council	24	\$1,816,943	\$1,816,943	100%
Tahoe-Sierra		Tahoe Resource Conservation District	20	\$1,562,048	\$1,562,048	100%
Lahontan Basins		City of Susanville	15	\$2,455,300	\$1,943,585	79%
		Total:		\$6,628,522	\$6,116,807	
Colorado River	\$4,175,000					
Mojave*		Mojave Water Agency	26	\$3,205,769	\$1,813,373	57%
Coachella Valley		Coachella Valley Water District	26	\$4,175,000	\$2,361,627	57%
Imperial		City of El Centro	12	\$1,000,000	\$0	0%
		Total:		\$8,380,769	\$4,175,000	
Total: \$231,582,157				\$306,537,839	\$231,582,157	

Footnotes:

*Spans Multiple Funding Areas

MONTEREY COUNTY

RESOURCE MANAGEMENT AGENCY

Carl P. Holm, AICP, Director
John Guertin, Acting Deputy Director



Daniel Dobrilovic, Acting Building Official
Michael Novo, AICP, Director of Planning
Robert K. Murdoch, P.E., Director of Public Works

168 W. Alisal Street, 2nd Floor
Salinas, CA 93901
<http://www.co.monterey.ca.us/rma>

November 5, 2015

CASTROVILLE CSD
ATTN: ERIC TYNAN
11499 GEIL STREET
CASTROVILLE, CA 95012

**SUBJECT: CASTROVILLE BICYCLE/PEDESTRIAN PATH AND RAILROAD
CROSSING BRIDGE; PROJECT NO. 8622**

Dear Mr. Tynan:

This letter is sent to discuss the meeting that was held between yourself and Mr. Paul Greenway, P.E. representing Castroville CSD and Douglas Poochigian, P.E. representing Monterey County RMA - Public Works on Monday, October 26, 2015 at your office. The discussion concerning the sanitary sewer relocation for the Castroville Bicycle/Pedestrian Path and Railroad Crossing Bridge Project was very productive. This letter is provided to document the verbal agreements that were made during the meeting.

TRC Engineers is under contract with Monterey County RMA - Public Works to design the Castroville Bicycle/Pedestrian Path and Railroad Crossing Bridge project. It was determined during the potholing that was conducted in April 2015, that there was a conflict with the Castroville CSD sanitary sewer pipeline and the approach structure piles at the east end of the bridge. This conflict is from approximately Station 39+50 to Station 41+50 along the right side of the approach structure. There is also a conflict at Pier 8 at approximately Station 35+20. At the pier location the sanitary sewer pipeline was determined to be 1.89 feet from the outside edge of the pier. TRC Engineers has stated that during the augering of the CIDH pier/pile for pier 8 the clearance would be inadequate to ensure that no damage to the sanitary sewer would occur. Castroville CSD and MNS Engineers should coordinate with TRC for the sanitary sewer relocation clearance. Both Monterey County and Castroville CSD agreed that the relocations would be required for the construction of the bridge and approach structures during construction of the project.

Castroville CSD agreed to provide the plans, specifications and estimate (PS&E) for the relocation of the conflicting sanitary sewer pipeline. Castroville CSD has contracted with MNS Engineers to conduct this work and Mr. Paul Greenway, P.E. of MNS Engineers agreed that his firm would be able to do the design work and provide the PS&E package for Monterey County RMA - Public Works.

It was agreed that Castroville CSD would be responsible for the costs associated with the design of the sanitary sewer relocation. The PS&E plans and documents for the relocation would be provided to Monterey County RMA - Public Works to be forwarded to TRC Engineers for incorporation into their Project PS&E package. It was further agreed that Monterey County would be responsible for the cost of the sanitary sewer relocation during construction of the project. All items provided by Castroville CSD and associated with the sanitary sewer relocation will be conducted by the bridge contractor awarded the construction contract for the project. The costs for the items for relocation of the sanitary sewer would be completely covered by Monterey County through their TDA funding for the project.

Please provide written correspondence if Castroville CSD agrees with this understanding of the work and funding responsibilities for the sanitary sewer relocation for the project. Include any corrections or changes in the stated understanding between Castroville CSD and Monterey County if it is required. This project has a very tight funding deadline. Monterey County will need the sanitary sewer relocation PS&E package by January 8, 2016 at the latest.

Should you have any questions, please contact me at (831) 755-8963 or Doug Poochigian, P.E at (831) 755-4888.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JP', with a large circular flourish above it.

Jonathan L. Pascua, P.E.
Senior Civil Engineer



Castroville Community Services District
ARSENIC REMOVAL FACILITY

PROPOSAL FOR

**MEDIA CHANGE OUT SERVICES
FOR
WELL 2B
SORB 33[®] SYSTEM**

This proposal contains proprietary or confidential information of De Nora Water Technologies, Inc. (DNWT) regarding patent protected proprietary technologies and their implementation in the field, recommended uses and costs. Any such proprietary or confidential information disclosed herein is provided at buyer's request and solely for the purpose of enabling buyer to evaluate this proposal.

In receiving and reading this proposal, buyer agrees that it will not reveal or otherwise distribute its contents to any third party without DNWT's prior written consent. The foregoing limitation shall not preclude buyer from disclosing the contents of this proposal to its employees, on a need to know basis, who have the responsibility to evaluate and/or implement the program set forth in this proposal. This proposal shall at all times remain the exclusive property of DNWT until accepted by the party to which it was tendered.

DNWT Proposal P-13496

21 October 2015



MEDIA CHANGE OUT SERVICES FOR WELL 2B SORB 33[®] SYSTEM

1.0 INTRODUCTION

De Nora Water Technologies, Inc. (DNWT) is pleased to offer the Castroville Community Services District this proposal for a contract for the supply of new Bayoxide[®] E33 media, and services for media change-out and conditioning of the (2) 10' diameter SORB 33[®] Adsorbers at the Arsenic Removal Facilities at Well 2B in Castroville, CA. Length of this contract is for six (6) years or for the first change out of media, whichever comes first.

2.0 SCOPE OF WORK

DNWT will bring its own crew to the site to remove the old media, install new media, and put the adsorber back into service. Included in this service are the following:

Media Supply: DNWT will supply virgin granular Bayoxide[®] E33 750-kg supersacks for the media change out. Ten (10) super sacks (520 cu. ft.) will be delivered to the job site. Each vessel will be filled with 260 cu. ft. of virgin media. In addition, DNWT will replace any gravel that may be lost during the removal of the spent media.

Change-Out Services: DNWT will provide all labor, expertise and equipment required for the removal and replacement of spent media at the site listed above. The removal and replacement services include pumping/sucking spent media out of the vessel(s) and placing into appropriate transportable container(s). DNWT will perform a visual inspection of each vessel to check general condition, and for any leaks or items of concern. The filters will then be refilled with virgin media by DNWT, disinfection chemicals (supplied by the District) will be added and media beds will be left to 'soak' for a period of time after which DNWT personnel will perform the initial backwash and the Adsorber(s) will be placed back on-line.

These services will require taking the adsorber(s) out of service for approximately one (1) day per vessel. Please note that the backwash water will be discharged to the backwash holding tank. This will allow the media change out service to be done in the time estimated below. If this is not acceptable it is up to the District to arrange for disposal of backwash water or DNWT will charge for additional time required to wait for the backwash system to recover.

Upon completion of a compliant TCLP test DNWT will transport and dispose of the spent media along with other waste (gravel, pallets and trash) off-site at a DNWT designated landfill. DNWT is responsible for all aspects of legal disposal of the spent media.

Total time for each change out service is estimated to be two (2) days on site. See section 3.0 for qualifications on any additional time required to complete these services.

DNWT requires a minimum of four (4) weeks' notice for the proposed service to arrange media delivery and scheduling of a crew to perform the work. Services will be performed at a mutually agreed upon date.

Any and all equipment required to perform the media change out will be provided by DNWT and is included as part of this agreement. DNWT confirms that it has visited the site and has included all trucking, lifting, vacuum and any other equipment that may be necessary in its pricing. Castroville Community Services District (CCSD) will assist in coordinating access including crane access with the neighboring apartment community only.

DNWT confirms its understanding that the well site is set within a residential community and as such, all work will be done between the hours of 7:00 and 18:00 and the work methods may be altered in order to ensure disturbance to residence is reasonably mitigated.

3.0 QUALIFICATIONS AND CLARIFICATIONS

The following items and/or services are to be provided by others and are not considered to be part of DNWT scope of supply.

- Electric power for hand tools for DNWT personnel and/or representative at each site.
- Disinfection chemicals for conditioning and the initial backwash of the filters.
- If CCSD has any local permits for personnel access and work activities (i.e.; confined space entry permits) they are to be ready upon arrival of DNWT personnel.
- If CCSD does not have any local permits DNWT to provide CCSD a site specific safety plan that addresses all risks of the project including but not limited to confined space entry into the vessels. CCSD's construction manager, MNS Engineers will monitor the project. At no time during the work, will CCSD or MNS Engineers be responsible for the safe work of DNWT.

- The spent media must have a Toxicity Characteristic Leaching Procedure (TCLP) test done before disposal in order to confirm that it meets the federal guidelines of a non-hazardous material. The District is required to take a composite core sample from each filter and shipping to DNWT designated lab. Cost of performing the test is included in the service.
- All our test work to date indicates the spent media will meet federal guidelines for non-hazardous material. DNWT assumes the government's criteria for hazardous and non-hazardous will not be changed. If any governmental authority determines that the spent media must be transported or disposed of as hazardous material any additional costs will be passed on to the District.
- All prices are based on the spent Bayoxide media being free flowing during the removal process. If the spent media is not free flowing and causes delays in the service, additional charges may apply.
- If the number of days on site is extended beyond the time outlined above and is due to Force Majeure, then DNWT will be allowed an appropriate number of day(s) extension. If additional days are required due to delays caused by parties other than DNWT then additional days will be allowed to complete the services and additional charges will be negotiated. . DNWT confirms that it will plan its work to ensure that access to the site to perform the work is coordinated prior to mobilization and as such will ensure that access issues are not cause for delay.
- Additional services can be purchased, if desired, at the rate of \$1,500.00 per day (8 hour/day max.) including travel days. Plus travel and living expenses charged at cost with no additional mark up.

When the DNWT field representative and crew arrive on-site for the scheduled service, the vessels should be drained of water and all equipment must be ready for work to begin. If equipment is not ready then DNWT will be on standby. Should the total time of the work be extended as a consequence of standby, then our standard per diem rate, plus travel and living expenses, will apply.

Prior to the scheduled service the District will need to provide DNWT with a copy the TCLP test results and the Chain of Custody form for the sample. In addition the District will be required to sign a Waste Profile form confirming that the material has been tested and is acceptable for disposal.



4.0 PRICE AND PAYMENT SCHEDULE

DNWT will deliver the materials and service described herein for a lump sum price ('base fee') of **\$150,500.00** per change out service. Pricing does not include any applicable taxes. Freight costs for shipment of materials to site is included in this price.

The Base Fee offered above will be fixed until the first media change out or for a six (6) year period whichever comes first effective the date of the system start-up. After which the District has the option for a one (1) year extension for a maximum total contract length of seven (7) years. Pricing for the adjusted year is at a fixed rate increase of 10% or shall reflect any increase to the Consumer Price Index from 2016 as published by the United States Bureau of Labor Statistics.

Payment Terms are net 30 days after invoice. When possible all invoices will be submitted by the 25th day of the month. Interest will be billed at 1-1/2% per month on invoices unpaid after thirty (30) days or the maximum allowable by law, whichever is less.

Payment shall be made as follows:

100% upon completion of the media change out

5.0 ACCEPTANCE OF PROPOSAL

Acceptance of this proposal is based on the incorporation of any referenced documents including but not limited to an insurance certificate, and the attached Standard Terms and Conditions of Sale are incorporated herein and are agreed to be a material part of this Agreement.

AGREED BY:
De Nora Water Technologies, Inc.
District

AGREED BY:
Castroville Community Services

(Name) Frank Stanish

(Name) Eric Tynan

(Title) Project Manager

(Title) General Manager

(Date) 22-OCT-2015

(Date)

GENERAL TERMS AND CONDITIONS OF AGREEMENT

I. DEFINITIONS

As used herein, the following terms shall have the following meanings:

"Agreement" means these terms and conditions, any additional terms and conditions attached hereto and/or expressly incorporated herein directly or by reference together with any and all attachments and exhibits attached or incorporated hereto by reference.

"Additional Services" (if any) are defined on the first page of this Agreement and are described in Attachment A.

"Applicable Law" is defined as those laws, rules, regulations, codes, administrative and judicial orders, directives, guidelines, judgments, rulings, interpretations or similar requirements or actions of any federal, state, local government, agency or executive or administrative body of any of the foregoing, including CERCLA and RCRA, in each case that pertain to the (a) parties' respective responsibilities under this Agreement; (b) operation or maintenance of the System; and (c) health and welfare of individuals working at or visiting the Facility. This definition specifically includes the terms, conditions, requirements or schedules of any administrative or judicial settlement or enforcement related, in any way, to the Facility, to the collection, delivery, pretreatment, or treatment of the Owner's environmental permit(s) issued for the Facility.

"Base Fee" is defined on the first page of this Agreement.

"Baseline Loadings" shall mean the concentration levels of certain constituents contained in the influent water treated by the System under normally anticipated operating conditions, all as set forth in Attachment A.

"Basic Services" is defined on the first page of this Agreement.

"Change of Law" the occurrence of any of the events listed in (i) through (iv) below, which results or can reasonably be expected to result in a direct increase to DNWT's cost of providing the Basic Services:



**CASTROVILLE COMMUNITY
SERVICES DISTRICT**

From the desk of
Eric Tynan – General Manager
Phone (831) 633-2560

TO: Castroville CSD Board of Directors

DATE: November 17, 2015

RE: Contract with De Nora Water Technologies, Inc. for Media Change Out Services for Well 5 (formerly Well 2B)

RECOMMENDATION:

Approve contract with De Nora Water Technologies, Inc. for media change out services for Well 5 (formerly Well 2B).

SUMMARY:

The Adsorptive media used to remove the arsenic is due to be replaced after 486,000,000 gallons of produced water. Currently, the cost to replace the media is \$150,000. Initially De Nora Water Technologies, Inc. offered a media change out cost of \$150,500 per change out with the cost fixed for three years and after that an additions cost increase based on the CLI. With MNS Engineers help a new contract was proposed that would extend the contract for 6 years and allow for a 1 year extension for a total of seven years.

I have considered the contract and believe it would be good for the District for the following reasons:

- The estimated cost of \$150,500 per media change out would keep the base price fixed.
- The adsorptive media used to remove the arsenic is due to be replaced after 486,000,000 gallons of produced water
- Well 5 (formerly Well 2B) is expected to produce 200,000 gallons per day; this comes out to 6.65 years before a change-out is expected.

In conclusion, the District would benefit by knowing the future cost of this significant maintenance project allowing for the District to plan for the financial and operational requirements more fully.



CASTROVILLE COMMUNITY SERVICES DISTRICT

GENERAL MANAGER'S REPORT

NOVEMBER 17, 2015

❖ Regulatory Compliance

- ❑ No coliform violations (all routine samples negative) for October 2015
- ❑ Submitted water quality reports to 8 large Water system customers
- ❑ Preparing CDPH Well permit for new well #5
- ❑ Preparing DWR Well permit for new well #5
- ❑ Preparing MCWRA Well permit for new well #5
- ❑ Regulatory documentation for CCSD sewer jetting activities
- ❑ Submitted California Integrated Water Quality "No spill" report for CCSD and Moss Landing for October 2015
- ❑ Regulatory documentation for MLCSD sewer jetting activities
- ❑ Regulatory documentation for CCSD sewer jetting activities

❖ Current Projects

- ❑ MLCSD Operations, see report in Board packet
- ❑ 218 Tax measure for water service
- ❑ Complete Arsenic Treatment system for Well #5
- ❑ Moro Cojo Operations, see report in Board packet
- ❑ MS(4) stormwater discharge permit
- ❑ Permit new Well 5 (formerly Well 2B) including CEQA documentation
- ❑ Update sewer ordinances for CCSD and Moss Landing
- ❑ Repair blockage on Castroville Blvd sewer siphon
- ❑ Sewer cleaning, repair, video and maintenance program for CCSD
- ❑ Assist NCP&RD with proposed tax measure – committee formed
- ❑ Enforce Water Conservation level 2

❖ **Completed Projects**

- ❑ 3 Street light out- reported to PG&E
- ❑ Repaired lights on Castroville overhead sign
- ❑ Received denial of Prop 84 grant
- ❑ Switched to EXXON gas cards
- ❑ Switched all electric meters to time of use- trial period
- ❑ Tanks, filters and piping installed for Well 5 Arsenic treatment
- ❑ Received Maintenance agreement for Well 5 media change out
- ❑ Finalized agreement with Monterey County re: redesign of sewer/bike path conflict
- ❑ Installed new call-out phone technology
- ❑ Mailed out notice of 218 protest hearing

❖ **Upcoming Projects**

- ❑ Well #3 replacement / rehab
- ❑ 183 Multimodal Caltrans project
- ❑ Meet with NMR&PD Ballot Committee re: tax measure for NCR&PD
- ❑ Resolve Moss Landing MRWPCA seat on Board of directors
- ❑ Consider Desal opportunities- Deep water Desal /CalAm
- ❑ Upgrade Moss Landing Lift station Motor control centers
- ❑ Bike path over railroad tracks to Castroville Blvd
- ❑ Design Washington sewer bypass line

❖ **Meetings/Seminars (attended)**

- ❑ Monterey County Sherriff's Citizens Advisory Group-Adriana & Eric
- ❑ IRWMG Stormwater grant
- ❑ Gina Bartlett GSA facilitator conference- Ron & Eric
- ❑ Special District Water Managers meeting- Eric & Keith Van Der Maaten
- ❑ Monthly Rotary Board meeting

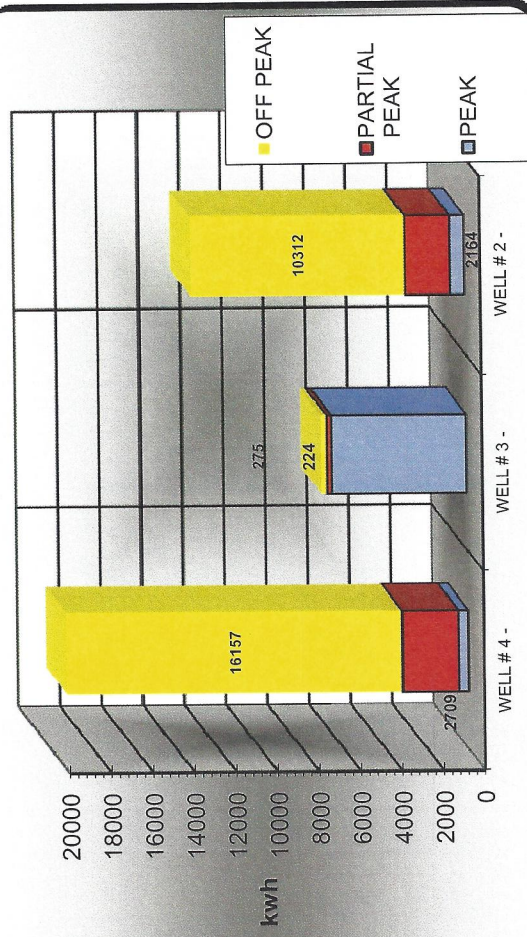
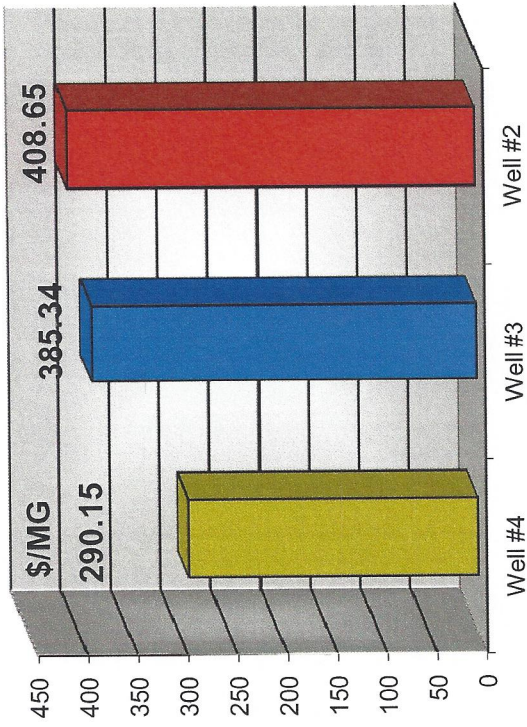
❖ **Meetings/Seminars (upcoming)**

- ❑ Redevelopment Oversight Committee- Ron
- ❑ Special District Water Managers meeting
- ❑ Monterey County Sherriff's Citizens Advisory Group-Adriana & Eric
- ❑ NMR&PD Ballot Committee re: tax measure for NCR&PD
- ❑ Special District Managers meeting
- ❑ Meeting with Moss Landing Chamber
- ❑ MRWPCA meetings – Ron
- ❑ TAMC HWY 156 Citizens Advisory Group (CAG)

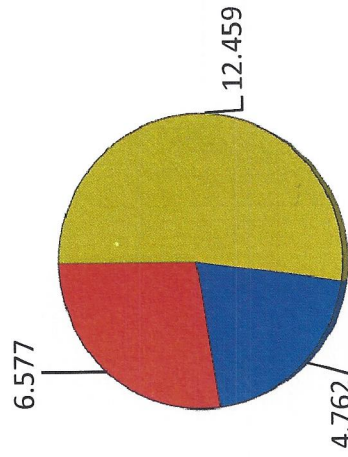
❖ **Improvements/Ideas/Suggestions**

- ❑ Consider Tony Akel to do Sewer master plan for Moss Landing
- ❑ Select areas for Saddle and lateral replacement program
- ❑ Select Water Main valves for replacement

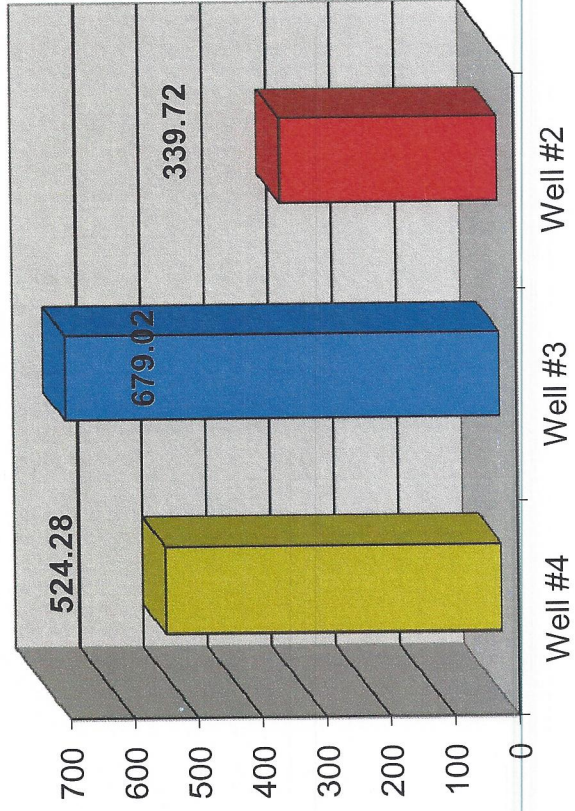
OCTOBER 2015



Million Gallons



GAL / KWH



SEP-15 to OCT-15	PG&E	PEAK	PARTIAL PEAK	OFF PEAK	TOTAL KWH	FLOW/G x MG	PG&E \$	\$ / MG							
								Well #4	Well #3	Well #2	Well #1				
WELL # 4 -	10/14/2015					971523000			290.15	385.34	408.65				
52.35%	9/14/2015	494	2709	16157	23764	959064000	\$3,615								
						12,459									
WELL # 3 -	10/14/2015					951666000	\$1,835								
20.01%	9/14/2015	6514	224	275	7013	946894000									
						4,762									
WELL # 2 -	10/14/2015					279146000	\$2,688								
27.64%	9/14/2015	725	2164	10312	19360	272569000									
						6,577									
MONTHLY TOTALS		7733	5097	26744	50136.8	23,798	\$8,138						524	679	340
							\$342	AVG. \$ PER MILLION GALLONS							
							\$113	AVG \$ PRICE PER ACFT							

Power usage by rates zones



CASTROVILLE COMMUNITY SERVICES DISTRICT

OPERATIONS REPORT

Emergency calls for the month of October:

- a) Power failure at all stations.

Maintenance:

- a) Continue to exercise valves in the distribution system.
- b) Continue to flush the fire hydrants into jetter.
- c) Run the stand-by engines at the water plant sites bi-weekly.
- d) Run the stand-by engines at the sewer lift station weekly.
- e) Documented/covered graffiti.
- f) Cosmetic site/station maintenance.
- g) Cleaned storm drains.
- h) Jetted sewer mains.
- i) Backflow Prevention testing.
- j) Painted all fire hydrants.
- k) Cleaned/lubed bill machine.
- l) Repaired arm for lid at Station 4.
- m) Attended flagging seminar.
- n) Prepared storm drains for rainy weather.
- o) Ordered new lid for Via Linda control box.
- p) Repaired leak on Cypress court.
- q) Repaired leak on Castro Street.
- r) Investigated high flows at Station 3 with camera.
- s) Replaced bulbs for overhead sign on Merritt and fixed Squola's sign.
- t) Cleaned gutters on the big garage.
- u) Installed latch at Station 2.

Work Orders:

- | | |
|--------------------------------|----------------------------------|
| a) 48 Hour notices - 37 | |
| b) Clear box - 1 | |
| c) Final bill /read meter - 11 | |
| d) Investigate - 7 | |
| e) Miscellaneous - 1 | |
| f) Install / Change Meter - 23 | |
| | g) Turn On Service - 4 |
| | h) Padlock Service - 3 |
| | i) NSF Door Hanger - 1 |
| | j) Reconnection - 0 |
| | k) Shut Off - 2 |
| | l) TOTAL WORK ORDERS - 90 |



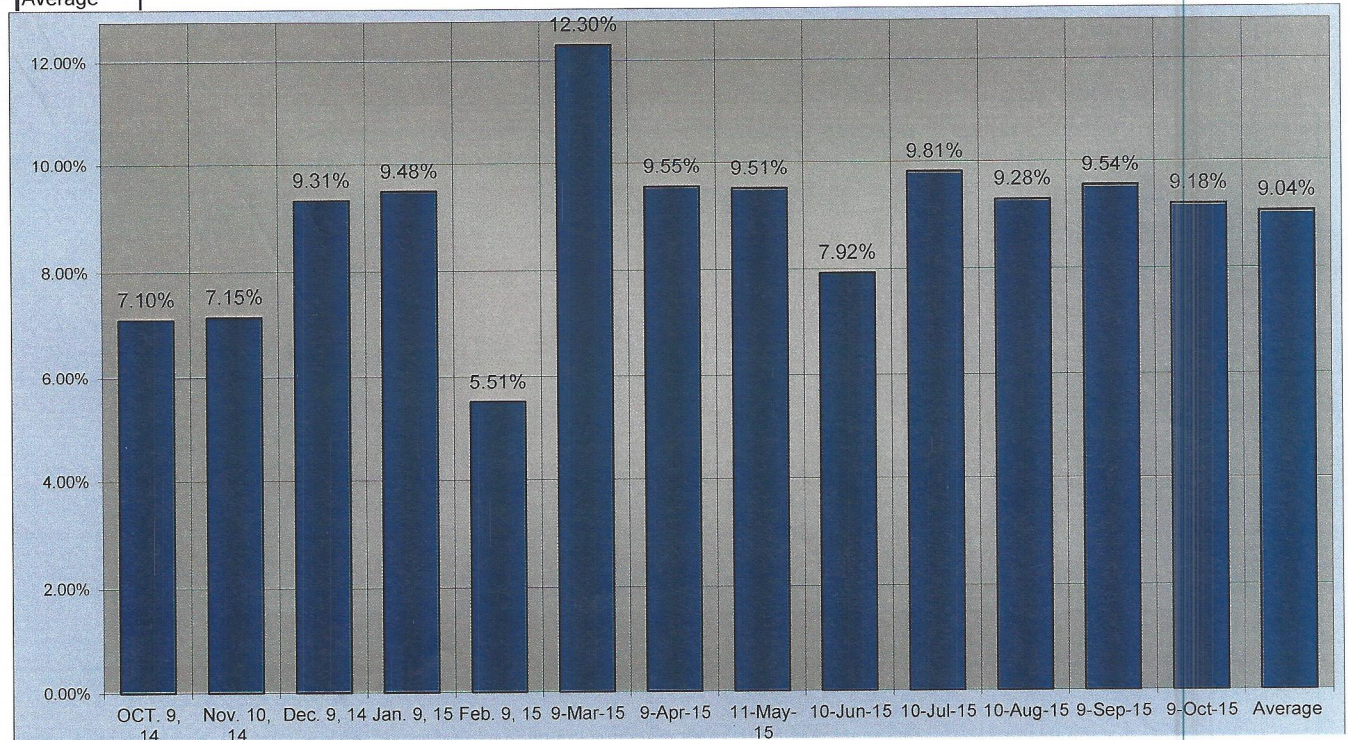
Castroville Community Services District



Percent Water Loss Month & Year

Month	Site 2 Well Gal.	Site 3 Well Gal.	Site 4 Well Gal.	Totals	Totals	miscellaneous	Unaccounted
				Water Pumped	Water Sold		Water %
OCT. 9, 14	12169000	4407000	7586000	24162000	21361653	Hydrant meters 251178. Jetting 14000k gal. Flushing 0k gal. Leaks 760000k. FD 4000	7.10%
Nov. 10, 14	13377000	4465000	6461000	24303000	22370787	Hydrant meters 251178. Jetting 10000k gal. Flushing 10k gal. Leaks 10k. FD 4000	7.15%
Dec. 9, 14	5635000	3150000	8728000	17513000	15765109	Hydrant meters 25002. Jetting 10000k gal. Flushing 24k gal. Leaks 12k. FD 4000	9.31%
Jan. 9, 15	4680000	3880000	7432000	15992000	14263410	Hydrant meters 153789. Jetting 25500k gal. Flushing 3k gal. Leaks 25k. FD 4000	9.48%
Feb. 9, 15	7517000	0	8556000	16073000	14987234	Hydrant meters 132396. Jetting 18k gal. Flushing 22k gal. Leaks 20k. FD 4000	5.51%
9-Mar-15	6554000	0	8854000	15408000	13323203	Hydrant meters 160147. Jetting 10k gal. Flushing 10k gal. Leaks 0k. FD 4000	12.30%
9-Apr-15	6368000	2950000	11432000	20750000	18485877	Hydrant meters 226420. Jetting 18k gal. Flushing 21k gal. Leaks 10k. FD 4000	9.55%
11-May-15	8845000	1064000	12559000	22468000	20011977	Hydrant meters 204842. Jetting 11k gal. Flushing 18k gal. Leaks 20k. FD 4000	9.51%
10-Jun-15	6686000	4729000	10309000	21724000	19595303	Hydrant meters 369362. Jetting 20k gal. Flushing 10k gal. Leaks 0k. FD 4000	7.92%
10-Jul-15	7272000	4740000	11803000	23815000	21125397	Hydrant meters 300399. Jetting & Flushing 20k gal. Leaks 25k. FD 4000	9.81%
10-Aug-15	8585000	3454000	13280000	25319000	22402143	Hydrant meters 516419. Jetting & Flushing 18k gal. Leaks 26k. FD 4000	9.28%
9-Sep-15	6876000	4181000	13840000	24897000	22155228	Hydrant meters 276162. Jetting & Flushing 22k gal. Leaks 60k. FD 4000	9.54%
9-Oct-15	6714000	4749000	12437000	23900000	21473516	Hydrant meters 231558. Jetting & Flushing 11.5k gal. Leaks 0k. FD 4000	9.18%
Average							9.04%

R.O. softner 4000 gal.
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Castroville

OCTOBER 2015 JETTING



CASTROVILLE COMMUNITY SERVICES DISTRICT



MORO COJO - ZONE 2 MONTHLY O&M REPORT OCTOBER 2015

❖ LIFT STATION @ CASTROVILLE BLVD

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/1/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/8/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/15/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/22/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/29/2015

❖ LIFT STATION @ COMPO DE CASA

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/1/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/8/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/15/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/22/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/29/2015

❖ **JETTING ACTIVITIES**

- ❑ Jetted sewer lines btwn MH #55 to-CO 2
- ❑ Jetted sewer lines btwn MH #84.1 to-MH #84.2
- ❑ Jetted sewer lines btwn MH #56 to-MH #57
- ❑ Jetted sewer lines btwn Lift #54.1 to -MH #54.10
- ❑ Jetted sewer lines btwn MH #84.2 to-MH #84.1
- ❑ Jetted sewer lines btwn MH #54.1 to-MH #54.2
- ❑ Total jetted approx. 861 feet

❖ **OTHER MATTERS**

- ❑ Responded to 3 Under ground Alert marking requests
- ❑ Reported 1 street light outages
- ❑ Installed ne Battery @ Castroville Blvd Lift Station
- ❑ Performed inspection of all storm drains in September 2015
- ❑ Emailed notice of "no spill" to CIWQS 10-1-2015
- ❑ Coordinated open space maintenance of field area mowing in June 2015
- ❑ Completed resurfacing of all residential roads in June 2014
- ❑ Completed restriping of all residential roads in June 2014
- ❑ Completed street sweeping in August 2014

❖ **Improvements/CIP/Suggestions**

- ❑ Need to confirm that stormdrain interceptors are clear and detention ponds are clean
- ❑ Need to review cost of service for potential rate increase



MORO COJO OCTOBER 2015 JETTING



ID	Type	Activity	When Ended	Who	Why	Downstream Manhole ID	Upstream Manhole ID	Feet Jetted
CO2>MH55	SDR35 6"	Jetted	10/6/2015	RG/MG	Routine	MH55 ML	CO2 ML	128.00 ft
Apts 8	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 84.1	CO 84.2	101.00 ft
Los Ninos1	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 56	MH 57	122.00 ft
8inSabinoDr	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 54.1	CO 54.10	132.00 ft
6inSabino	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 54.2	CO 54.20	112.00 ft
Apts 6	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 77	MH 84	61.00 ft
Apts 7	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 84	MH 84.1	154.00 ft
6inSabino Dr	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 54.1	MH 54.11	58.00 ft
6inSabinoDr	SDR35 6"	Jetted	10/6/2015	MG/DC	Routine	MH 54.1	MH 54.2	112.00 ft

**Feet
Jetted** **861**

CASTROVILLE COMMUNITY SERVICES DISTRICT



MOSS LANDING (ZONE 3) MONTHLY O&M REPORT OCTOBER 2015

❖ **LIFT STATION # 1 (Struve Rd)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/1/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/8/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/15/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/22/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/29/2015

❖ **LIFT STATION #2 (Hwy 1 @ Pottery barn)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/1/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/8/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/15/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/22/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/29/2015

❖ **LIFT STATION #3 (in front of Phil's fish market)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/1/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/8/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/15/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/22/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/29/2015

❖ **LIFT STATION #4 (Potrero Rd)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/1/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/8/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/15/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/22/2015
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/29/2015

❖ **JETTING ACTIVITIES**

- ❑ Jetted sewer lines btwn MH #46 to-MH #55
- ❑ Jetted sewer lines btwn MH #56 to-MH #57
- ❑ Jetted sewer lines btwn MH #22 to-MH #23
- ❑ Jetted sewer lines btwn MH #47 to-MH #48
- ❑ Jetted sewer lines btwn MH #45 to-MH #46
- ❑ Jetted sewer lines btwn MH #46 to-MH #47
- ❑ Total jetted approx. 1945 feet

❖ **OTHER MATTERS**

- ❑ Responded to 6 Under ground Alert marking requests
- ❑ Replaced 3 failing man-holes along hwy 1 in May 2015
- ❑ Working on grant application for \$2.5 Million for upgrades, replacements and repair of sewer system
- ❑ Installed lid locks on Station #2 and Station #3
- ❑ Perform Bi-annual inspection of grease traps @ various facilities in March and November
- ❑ Emailed notice of "no spill" to CIWQS 9-1-2015

❖ **Improvements/CIP/Suggestions**

- ❑ Need to recoat or replace 12-15 manholes that internal walls are failing
- ❑ Completed modification of Sewer Allocation Plan

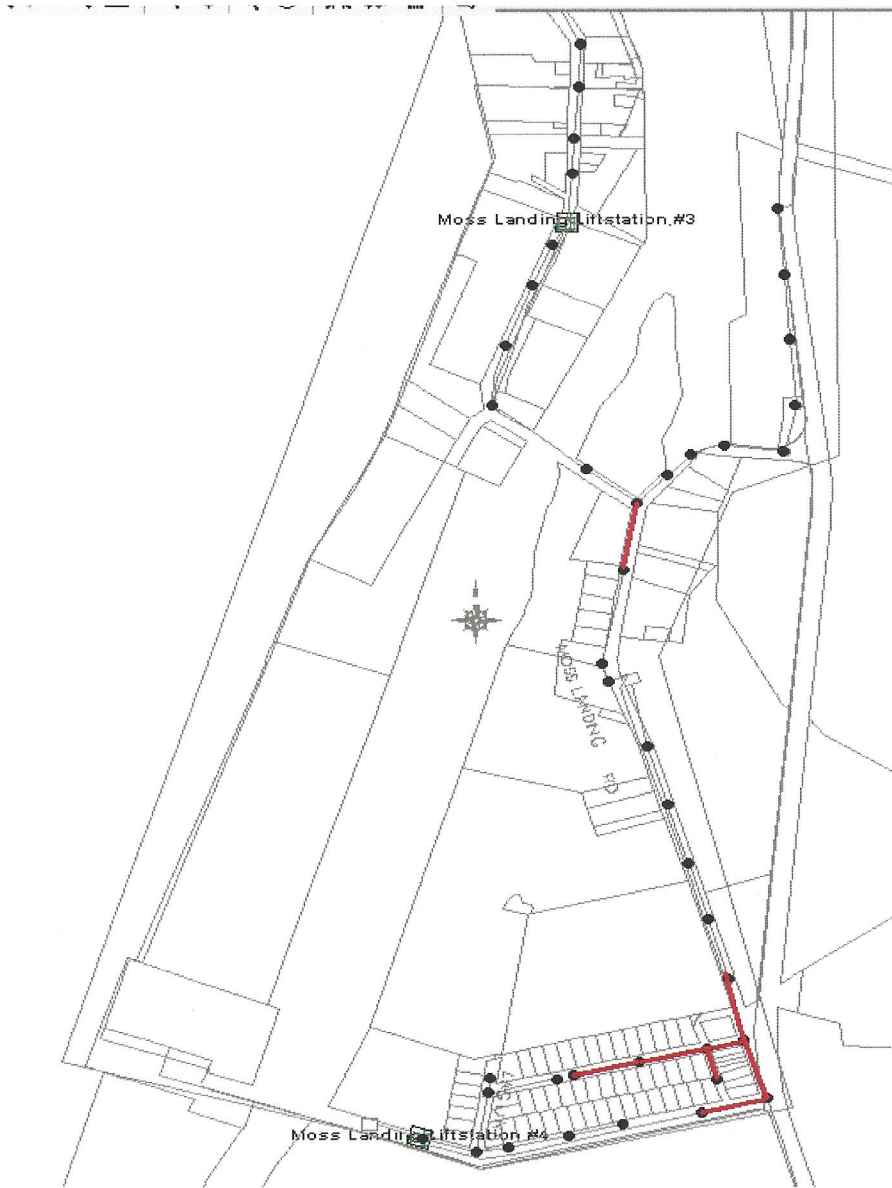


Sewer Jetted lines

OCTOBER

Moss Landing

NOVEMBER 6, 2015



ID	Type	Activity	When Ended	Who	Why	Downstream Manhole ID	Upstream Manhole ID	Feet Jetted
MH55>MH46	8" Clay	Jetted	10/6/2015	RG/MG	Routine	MH46 ML	MH55 ML	184.00 ft
MH57>MH56	8" Clay	Jetted	10/6/2015	RG/MG	Routine	MH56 ML	MH57 ML	155.00 ft
MH56>MH55	8" Clay	Jetted	10/6/2015	RG/MG	Routine	MH55 ML	MH56 ML	420.00 ft
MH23>MH22	PSM	Jetted	10/6/2015	RG/MG	Routine	MH22 ML	MH23 ML	266.00 ft
MH48>MH47	PSM	Jetted	10/6/2015	RG/MG	Routine	MH47 ML	MH48 ML	290.00 ft
MH46>MH45	8" Clay	Jetted	10/6/2015	RG/MG	Routine	MH45 ML	MH46 ML	330.00 ft
MH47>MH46	8" Clay	Jetted	10/6/2015	RG/MG	Routine	MH46 ML	MH47 ML	300.00 ft
Total Events								Feet Jetted 1945

Accounts Receivable Summary

From 10/01/2015 Through 10/31/2015

Balance
39,682.77

<u>OPEN BALANCE</u>	39,682.77
<u>MONTHLY-Charge</u>	
ATER	26,836.35
ELINE	1,733.07
RCHARGE	8,087.41
ATER CMPND	0.00
Total Charge	<u>36,676.83</u>

<u>Minimum</u>	<u>Usage</u>	<u>Overage</u>	<u>Total</u>
26,836.35	2,864,262.00	36,072.89	62,909.24
1,733.07	95.00	1.47	1,754.54
8,087.41	0.00	0.00	8,087.41
0.00	6,434.00	83.67	83.67
<u>36,676.83</u>	<u>2,870,791.00</u>	<u>36,158.03</u>	<u>72,834.86</u>

102,592.01
104,346.55
112,433.96
112,517.63

<u>MONTHLY-Miscellaneous</u>	<u>Amount</u>
ATER Miscellaneous	452.00
Total Miscellaneous	<u>452.00</u>

112,969.63

<u>MONTHLY-Payment</u>	<u>Amount</u>
ATER	-71,553.48
ATER Miscellaneous	-635.16
ELINE	-1,922.18
RCHARGE	-8,033.05
ATER CMPND	-188.06
Total Payments	<u>-82,331.93</u>

41,416.15
40,780.99
38,858.81
30,825.76
30,637.70

<u>MONTHLY-Write-Off</u>	<u>Amount</u>
ATER	-96.49
ATER Miscellaneous	-10.00
Total Write-Off	<u>-106.49</u>

30,541.21
30,531.21

<u>MONTHLY-Deposit Applied</u>	<u>Amount</u>
ATER	-458.00
ATER Miscellaneous	-12.00
Total Deposit Applied	<u>-470.00</u>

30,073.21
30,061.21

<u>MONTHLY-Refund</u>	<u>Amount</u>
ATER	312.49
Total Refund	<u>312.49</u>

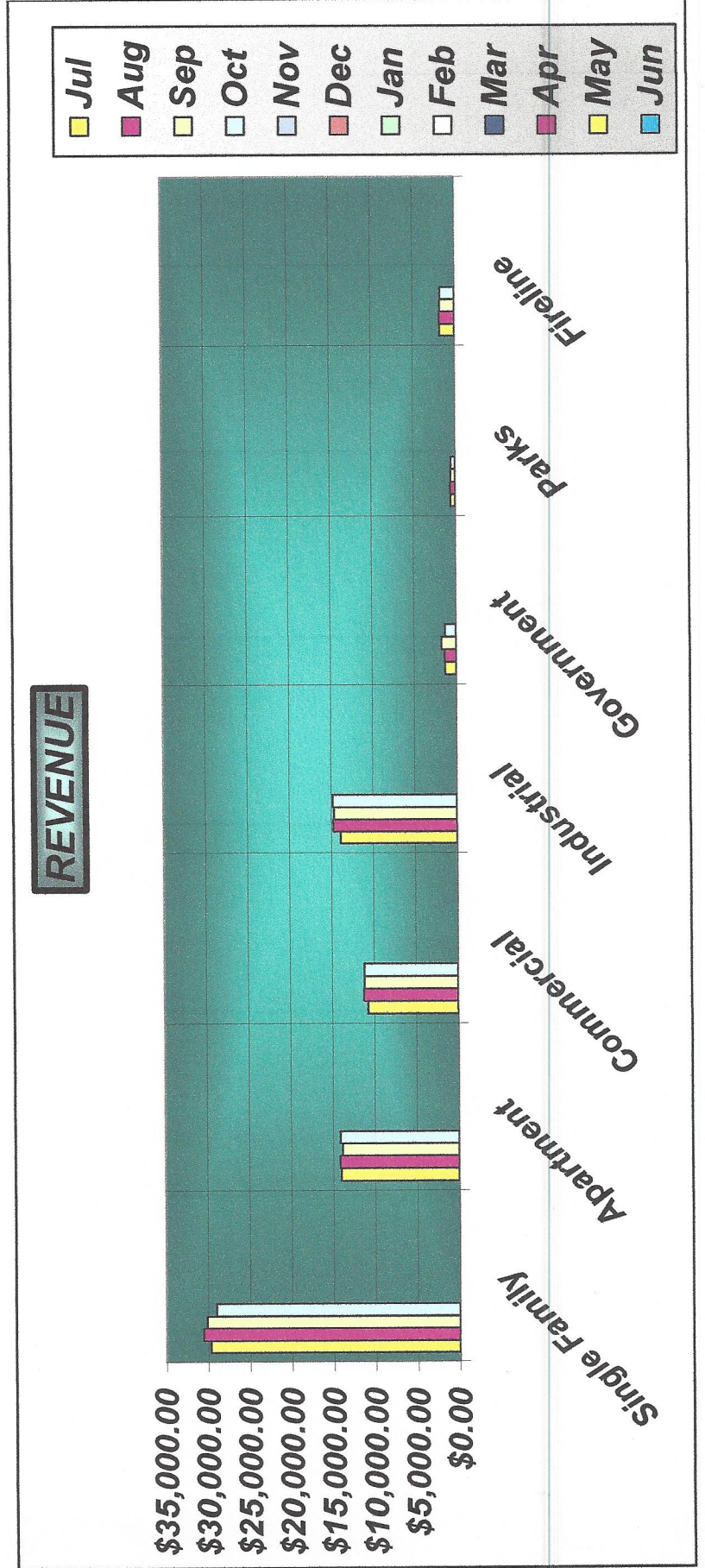
30,373.70

130

Closing Balance 30,373.70

Annual Water Revenue By Classification 2015-2016

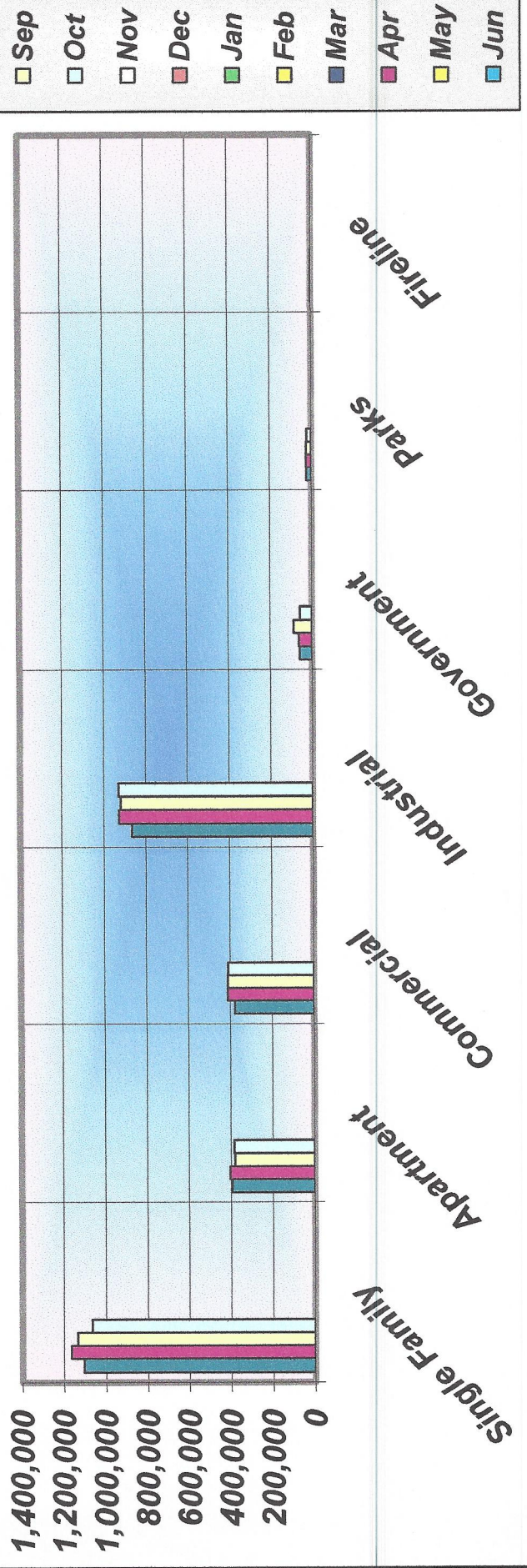
	Single Family	Apartment	Commercial	Industrial	Government	Parks	Fireline	Totals
Jul	\$29,730.21	\$14,087.59	\$10,759.68	\$13,902.96	\$1,352.28	\$561.22	\$1,785.92	\$72,179.86
Aug	\$30,589.22	\$14,200.75	\$11,252.36	\$14,777.27	\$1,392.36	\$579.43	\$1,795.48	\$74,586.87
Sep	\$30,178.30	\$13,900.54	\$11,179.87	\$14,675.27	\$1,758.45	\$572.34	\$1,756.09	\$74,020.86
Oct	\$29,069.45	\$14,161.16	\$11,175.27	\$14,823.70	\$1,315.62	\$535.12	\$1,754.54	\$72,834.86
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Totals	\$119,567.18	\$56,350.04	\$44,367.18	\$58,179.20	\$5,818.71	\$2,248.11	\$7,092.03	\$293,622.45



Annual Water Usage By Classification 2015-2016

	Single Family	Apartment	Commercial	Industrial	Government	Parks	Fireline	Totals
Jul	1,103,762	394,286	378,291	864,658	59,383	23,514	357	2,824,251
Aug	1,164,678	404,433	411,816	927,150	62,186	24,533	143	2,994,939
Sep	1,135,330	382,236	412,166	919,454	88,550	23,996	197	2,961,929
Oct	1,065,583	385,429	411,361	930,076	56,917	21,330	95	2,870,791
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Totals	4,469,353	1,566,384	1,613,634	3,641,338	267,036	93,373	792	11,651,910

CUBIC USAGE





**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/24/15	0.36	0.36	207
10/25/15	0.36	0.36	207
10/26/15	0.36	0.36	207
10/27/15	0.36	0.36	205
10/28/15	0.36	0.36	209
10/29/15	0.36	0.36	209
10/30/15	0.36	0.36	200
10/31/15	0.36	0.36	200
11/01/15	0.36	0.36	200
11/02/15	0.37	0.36	204
11/03/15	0.36	0.36	201
11/04/15	0.36	0.36	202
11/05/15	0.36	0.36	202
11/06/15	0.36	0.36	204

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

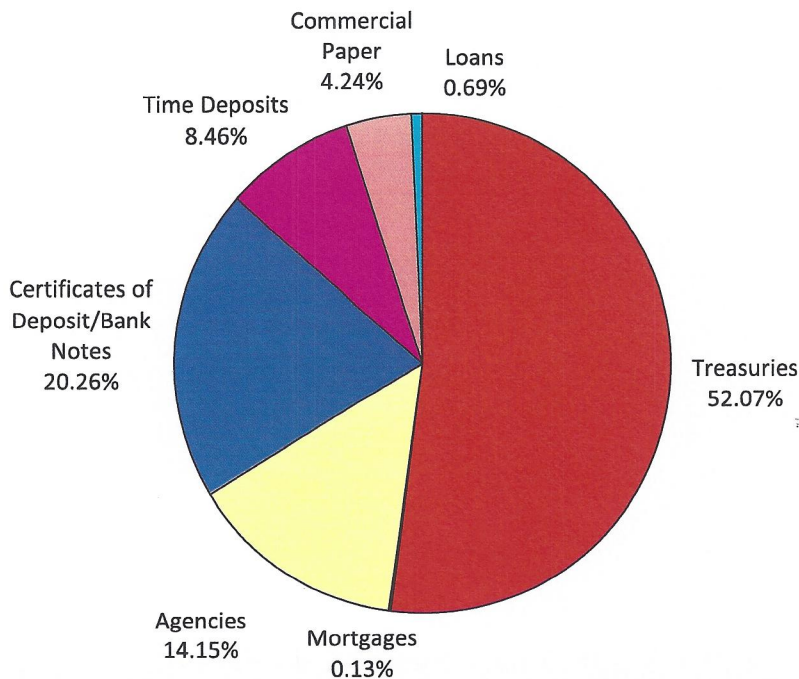
Quarter Ending 09/30/15

Apportionment Rate: 0.32%
 Earnings Ratio: 0.00000875275068308
 Fair Value Factor: 1.000594646
 Daily: 0.35%
 Quarter to Date: 0.33%
 Average Life: 210

PMIA Average Monthly Effective Yields

OCT 2015 0.357%
 SEP 2015 0.337%
 AUG 2015 0.330%

**Pooled Money Investment Account
Portfolio Composition
09/30/15
\$66.5 billion**



**CASTROVILLE COMMUNITY SERVICES DISTRICT
INTERNAL REPORT**

Receipts, Disbursements, and Bank Balances as of October 31, 2015

Ending balance as of September 30, 2015 \$10,034,975.68

RABOBANK, GENERAL FUND - Revenue and Expenses

Beginning Balance	137,965.81
Water Receipts	82,555.76
Miscellaneous Receipts	6,476.51
LAIF-Incoming Wire Transfer 10-20-15	140,000.00
Moss Landing- Remaining Fund Balance from County	5,907.78
Interest Earned	2.21
Expenses (Checks Written)	(247,526.25)
Misc Revenue Over or Short	0.00
Credit Card Fees	(107.27)
NSF Fees & Bank Fees	(15.00)
Ending Balance for General Fund	<u>125,259.55</u>

RABOBANK, CUSTOMER DEPOSIT FUND

Beginning Balance	64,957.36
New Deposits (opened accounts)	480.00
Interest Earned	1.09
Deposits Returned or Applied to Accounts	(514.00)
Ending Balance for Customer Deposit Fund	<u>64,924.45</u>

LAIF FUND

LAIF Fund	7,200,424.34
Wire Transfer to Rabobank 10-20-2015	(140,000.00)
Quartlerly Interest Earned 10-15-2015	5,987.47
Total L.A.I.F. Fund	<u>7,066,411.81</u>

CAMP FUND

Sewer (Zone 1) Capital Improvements Account	112,762.79
Monthly Interest Earned	13.08
Total CAMP Liquid Fund	<u>112,775.87</u>
Sewer (Zone Reserves Account	223,083.33
Monthly Interest Earned	25.88
Total CAMP Federal Security Account	<u>223,109.21</u>

CaISTRUST-INVESTMENT

Sewer Medium-Term Account Balance Forward	2,295,782.05
Income Distribution	1,662.76
Unrealized GAIN (Loss)	(2,279.21)
Total CaISTRUST	<u>2,295,165.60</u>

New Balance as of October 31, 2015	9,887,646.49
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Castroville Community Services District

List of Checks for October 2015

Date	Number	Name	Memo	Amount
10/1/2015	22927	ACWA/JPIA	Yearly Auto & General Liability Policy	\$ 19,168.00
10/1/2015	22928	Aramark Uniform Services, Inc.	Operator Uniforms & Mats	\$ 177.95
10/1/2015	22929	AT&T	Telephone Service	\$ 254.21
10/1/2015	22930	CalPERS-Health	Employee Health Benefits	\$ 8,541.69
10/1/2015	22931	Commercial Residential Telephone	Phone Equipment for Office	\$ 787.50
10/1/2015	22932	Continental Utility Solutions, Inc.	Billing Program Technical Support	\$ 1,537.00
10/1/2015	22933	Hinricher, Douglas & Porter LLP	Annual Audit Fees 2014/2015	\$ 13,350.00
10/1/2015	22934	Noland, Hamerly, Etienne, Hoss	Legal Fees	\$ 1,080.00
10/1/2015	22935	Pacific Gas & Electric	Street Lights	\$ 3,721.91
		continued	Well Sites	\$ 9,678.89
		continued	Office	\$ 362.90
10/1/2015	22936	PERS -Employers' Contribution	Bi-Weekly Retirement Benefits	\$ 1,370.14
10/1/2015	22937	USA Bluebook	Parts & Supplies	\$ 206.81
10/1/2015	22938	Xerox Corporation	Printed Copy Fees	\$ 58.21
	22939-			
10/1/2015	22944	District Employees'	Bi-Weekly Net Payroll	\$ 10,748.91
10/1/2015	22945	EDD	Bi-Weekly Payroll Taxes	\$ 884.00
10/1/2015	22946	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,207.50
10/1/2015	22947	VALIC	Bi-Weekly Deferred Comp	\$ 1,265.00
10/1/2015	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 5,140.38
10/2/2015	22948	Amy Watkins	Over Payment on Closed Account	\$ 18.75
10/15/2015	22949	ACWA/JPIA	Employee Dental/Vision/EAP	\$ 1,088.79
10/15/2015	22950	California Water Service Company	Water Service at Moro Cojo	\$ 73.16
10/15/2015	22951	Carmel Marina Corporation	Garbage Disposal Fees	\$ 29.65
10/15/2015	22952	Castroville Auto Parts	Parts & Supplies	\$ 114.17
10/15/2015	22953	Chevron and Texaco Business	Fuel For Trucks	\$ 535.79
10/15/2015	22954	Computer Guy-Tom Fish	Update Office Computers	\$ 220.00
10/15/2015	22955	CWEA-MBS		\$ 80.00
10/15/2015	22956	M.R.W.P.C.A.	Sewer Fees	\$ 20.80
10/15/2015	22957	Miguel Garcia-Expense	Monthly Cell Phone Reimbursement	\$ 25.00
10/15/2015	22958	MNS Engineers	Engineer Fees for Various Tasks	\$ 4,100.00
10/15/2015		continued	Arsenic Treatment Project	\$ 1,600.00
10/15/2015	22959	Monterey Bay Analytical Services	Water Testing Fees	\$ 260.00
10/15/2015	22960	Monterey Bay UAPC District	Permit Fees for Lift Stations	\$ 358.00
10/15/2015	22961	Monterey County-Tax Collector	Property Taxes	\$ 668.64
10/15/2015	22962	NCRPD-Quarterly Payment	Extended Recreational Services	\$ 25,000.00
10/15/2015	22963	Pacific Gas & Electric	Well Site 4-Motor	\$ 11.64
		continued	Zone 1 & 2 Lift Stations	\$ 1,037.35
10/15/2015	22964	PERS-Employer Contribution	Bi-Weekly Retirement Benefits	\$ 1,370.14
10/15/2015	22965	Pitney Bowes Purchase Power	Postage & Fee Maintenance	\$ 1,596.00
10/15/2015	22966	Principal Life Insurance	Employee Life Insurance	\$ 89.55
10/15/2015	22967	Redshift Internet Service	DLS Service	\$ 69.99
10/15/2015	22968	Ryan Ranch Printers	Business Cards for General Manager	\$ 177.14
10/15/2015	22969	Same Day Shred	Destructions of Expired Documents	\$ 130.50
10/15/2015	22970	Sprint	Long Distance Telephone Service	\$ 42.84
10/15/2015	22971	ULINE	Fish Bowl Mirror for Office Lobby	\$ 59.71
10/15/2015	22972	Cardmember Service-Eric	Various Lunch Meetings	\$ 153.58
		continued	CSDA Parking Fees for 3 Days	\$ 39.00
		continued	Re-key Office Security Door	\$ 21.83
		continued	Water for Operators	\$ 3.99
10/15/2015	22973	Cardmember Service-Lidia	Annual Q-Books Subscription	\$ 499.95
		continued	Monthly Web Net Service	\$ 114.95

Date	Number	Name	Memo	Amount
		continued	Operator Cellular Phones	\$ 90.60
10/15/2015	22974	Cardmember Service-Roberto	Printing Supplies & Part for Phaser	\$ 214.19
		continued	Supplies for Lift Stations	\$ 270.00
10/15/2015	22975	Willdan Financial Services	Assessment & User Admin Fees	\$ 1,103.27
10/15/2015	22976	Xerox Corporation	Quarterly Fee for Copies Made	\$ 61.33
10/15/2015	22977	Pacific Gas & Electric	Moss Landing Lift Stations Zone 3	\$ 895.30
	22978-			
10/15/2015	22983	District Employees'	Bi-Weekly Net Payroll	\$ 10,854.12
10/15/2015	22984	EDD	Bi-Weekly Payroll Taxes	\$ 864.89
10/15/2015	22985	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,207.50
10/15/2015	22986	VALIC	Bi-Weekly Deferred Comp	\$ 1,265.00
10/16/2015	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 5,174.38
10/21/2015	22987	Conco West Inc.	Arsenic Treatment Project	\$ 47,542.60
10/29/2015	22988	A & B Fire Protection & Safety Inc.	Annual Testing of Fire Extinguisher	\$ 123.50
10/29/2015	22989	All Safe Security Alarm	Quarterly Alarm Monitoring Services	\$ 168.00
10/29/2015	22990	Aramark Uniform Services, Inc.	Operator Uniforms & Mats	\$ 282.86
10/29/2015	22991	Berkeley Farms	Over Payment on Closed Account	\$ 50.00
10/29/2015	22992	Castroville Hardware	Parts & Supplies	\$ 541.67
10/29/2015	22993	Computer Guy-Tom Fish	Set-up New Billing Computer	\$ 370.00
10/29/2015	22994	Fran Costanza	Over Payment on Closed Account	\$ 124.58
10/29/2015	22995	Gonzales Auto Services & Smog	Smog Yaris	\$ 41.75
10/29/2015	22996	Harris & Associates, Inc.	Water Rate Study Report	\$ 12,693.75
10/29/2015	22997	HD Supply Waterworks	Meters and Supplies	\$ 6,102.91
10/29/2015	22998	MNS Engineers, Inc.	Arsenic Treatment Project	\$ 2,645.00
10/29/2015	22999	Pacific Gas & Electric	Well Sites	\$ 8,137.84
		continued	Office	\$ 288.33
		continued	Street Lights	\$ 3,714.22
10/29/2015	23000	PERS-Employer Contribution	Bi Weekly Retirement Benefits	\$ 1,370.14
10/29/2015	23001	State Water Resource Control Board	System Fees	\$ 1,296.55
10/29/2015	23002	USA Bluebook	Well Sounder Device	\$ 1,099.86
	23003-			
10/29/2015	23008	District Employees'	Bi-Weekly Net Payroll	\$ 10,930.17
10/29/2015	23009	EDD	Bi-Weekly Payroll Taxes	\$ 870.85
10/29/2015	23010	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,207.50
10/29/2015	23011	VALIC	Bi-Weekly Deferred Comp	\$ 1,265.00
10/29/2015	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 5,206.68
10/30/2015	23012	Betty MacMillan	Monthly Board Meeting 10/27/15	\$ 100.00
10/30/2015	23013	Ronald J. Stefani	Monthly Board Meeting 10/27/15	\$ 100.00
10/30/2015	23014	Life Support Controls	Monthly Board Meeting 10/27/15	\$ 100.00
Total General Fund-Checking				\$ 247,526.25

Customer Deposit Fund

10/30/2015	3649	All Appliances	Deposit Refund	\$ 40.49
10/30/2015	3650	Jose Rodriguez	Deposit Refund	\$ 34.67
10/30/2015	3651	Castroville CSD	October Closures	\$ 350.84
10/30/2015	3651	Castroville CSD	October Closures	\$ 44.00
Total Customer Deposit Fund				\$ 470.00



Calendar for year 2015 (United States)

<p>January</p> <table border="1"> <tr><th>Su</th><th>Mo</th><th>Tu</th><th>We</th><th>Th</th><th>Fr</th><th>Sa</th></tr> <tr><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td><td></td></tr> <tr><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td></tr> <tr><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td></tr> <tr><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td></tr> <tr><td>4:○</td><td>13:○</td><td>20:●</td><td>26:●</td><td></td><td></td><td></td></tr> </table>	Su	Mo	Tu	We	Th	Fr	Sa				1	2	3		4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	4:○	13:○	20:●	26:●				<p>February</p> <table border="1"> <tr><th>Su</th><th>Mo</th><th>Tu</th><th>We</th><th>Th</th><th>Fr</th><th>Sa</th></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr> <tr><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td></tr> <tr><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td></tr> <tr><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td></tr> <tr><td>3:○</td><td>11:○</td><td>18:●</td><td>25:●</td><td></td><td></td><td></td></tr> </table>	Su	Mo	Tu	We	Th	Fr	Sa	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	3:○	11:○	18:●	25:●				<p>March</p> <table border="1"> <tr><th>Su</th><th>Mo</th><th>Tu</th><th>We</th><th>Th</th><th>Fr</th><th>Sa</th></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr> <tr><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td></tr> <tr><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td></tr> <tr><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td></tr> <tr><td>29</td><td>30</td><td>31</td><td></td><td></td><td></td><td></td></tr> <tr><td>5:○</td><td>13:○</td><td>20:●</td><td>27:●</td><td></td><td></td><td></td></tr> </table>	Su	Mo	Tu	We	Th	Fr	Sa	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					5:○	13:○	20:●	27:●																	
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Holidays:			
Jan 1	New Year's Day	Nov 11	Veterans Day
Jan 19	Martin Luther King Day	Nov 26	Thanksgiving Day
Feb 16	Presidents' Day	Dec 25	Christmas Day
May 25	Memorial Day	Jul 3	'Independence Day' observed
		Jul 4	Independence Day
		Sep 7	Labor Day
		Oct 12	Columbus Day (Most regions)



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**CASTROVILLE COMMUNITY
SERVICES DISTRICT**

**Auditors' Reports
Financial Statements
And
Supplemental Information**

*For the Year Ended
June 30, 2015*



HINRICHER, DOUGLAS & PORTER, LLP
Certified Public Accountants

Castroville Community Services District

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June 30, 2015

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Castroville Community Services District
ORGANIZATION
June 30, 2015

GOVERNING BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>
David Lewis	President
Ron Stefani	Vice-President
Adriana Melgoza	Director
Silvestre Montejano	Director
Betty MacMillan	Director

ADMINISTRATION

Eric Tynan	General Manager
Lidia Santos	Board Secretary/Office Manager

Castroville Community Services District



11499 Geil Street
CASTROVILLE, CA 95012

Management's Discussion and Analysis

As management of the Castroville Community Services District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Castroville Community Services District for the fiscal year ended June 30, 2015. The Castroville Community Services District's financial management is responsible for preparing the Management's Discussion and Analysis section.

The Castroville Community Services District was formerly the Castroville Water District, a special district formed in 1952 under the County Water District Act for the purpose of installing, operating, and distributing a water supply for the community of Castroville. In May of 2006, the District assumed the assets and liabilities for the sewer and storm drain from CSA 14. In February of 2008, the Castroville Water District and CSA 14 were merged to create the Castroville Community Services District that resulted in acquiring additional services such as street lighting, recreational funding, open space, and street maintenance.

At this time, Monterey County and the community of Castroville are following the Castroville Community Plan, a plan that guides development in Castroville for the next twenty years. This plan would more than double the size of Castroville, adding an additional 1,655 residential units, 40 new light industrial facilities, 50,000 square feet of commercial development, and a new light rail commuter train station.

In summary, the District with all the new services acts much like a small city government, which was in response to the community wanting more local control and accountability. With this merger, the District has doubled its area, and quadrupled its reserves.

ENTERPRISE-WATER OPERATIONS

Presently, the District serves more than 7,250 customers through 2,124 water connections in the community of Castroville, which is located in the Salinas Valley in northern Monterey County. The District provides approximately 820 acre-feet of water annually to government, commercial, and residential customers. The District operates three domestic water production wells and the estimated capacity of all three wells is just over 4.4 million gallons per day. The water system encompasses approximately 13 miles of pipeline and includes two water storage tanks with a capacity of 1.1 million gallons. Monitoring wells are strategically placed along the coast to monitor water quality and groundwater levels in the aquifers that make up our water supply. All wells are sampled for over 180 constituents including but not limited to: chlorides, nitrates, total dissolved solids, static water level, and sodium. At this time, the District receives 100 percent of its water from the 400-foot aquifer but has drilled a new well, Well #5 at Well Site #2 that will get its supply from the 900-foot or "deep" aquifer. Unfortunately, this well has arsenic at 23 ppb, and the limit is 10 ppb per the State Water Resource Control Board. A filtration unit is being installed to meet the lower standard by Conco West, Inc and overseen by MNS Engineers. The District anticipates arsenic treatment to cost approximately \$1,250,000 and this treated water will then be blended with the existing well at this site to bring the blended water below the 10 ppb level. The District has been awarded a grant for \$581,000 from the California Department of Water Resources from Prop 84 measure to facilitate treatment of this source and anticipates having Well #5 operational by December 2015.

Historically, the District has been wary of salt-water intrusion of its source aquifers. There has been little or no movement in the Castroville area of the salt-water contour since 1997. We believe this is due at least in part to the Castroville Seawater Intrusion Project (CSIP). Wells #2 and #3 were starting to show signs of seawater intrusion and have been modified to seal off the upper perforations that allowed chlorides to exceed the 500 mg/l limit. The wells now have chlorides of 63 mg/l and 388 mg/L respectively both which are below the secondary standard of 500 mg/L. Unfortunately, the current drought has drawn down our wells to historic levels which exacerbates salt water intrusion. Additionally, the District is keeping an eye on the Salinas River Diversion Facility (SRDF), which started up in 2013, but due to the drought, was shut down this year. When the SRDF is up and running it is expected that up to 16 supplemental wells will be retired around Castroville.

When the SRDF is again operational the results could be twofold: reduced pumping could help restore the aquifer and some of the supplemental agriculture wells may be available for urban usage in the future. Due to the drought, the SRDF has not been able to produce water and the results are that the supplemental wells have continued to draw down the aquifer that Castroville depends on. It is conceivable that the District could lose Well #3 to salt water intrusion in the coming year. In addition, the District is looking at Desalinization options. In 2014 the District signed a Memorandum of Intent with Deepwater Desal. The District is also considering a pipeline to Marina to access in-basin water from the California American Desal Project. The Castroville Community Services District has contracted with Harris and Associates to help guide and facilitate a 218 measure to increase water rates in anticipation of more expensive source water supplies. Finally, the District has an application in with the California Department of Water Resources for a \$4.9 million grant to install an additional Deep well and another 600,000 gallon storage tank.

ENTERPRISE-SEWER OPERATIONS

The District assumed the responsibilities and assets for sewer and storm drain activities on May 1, 2006 from County Service Area 14 (CSA 14). The sewer system incorporates 18 miles of main lines and five lift stations, two located in Castroville (Zone 1) and the other two located in Zone 2. Along with these systems the District acquired a jetter truck, utility truck with a crane, and cash reserves of approximately \$5,060,460. The District has a large reserve fund balance as a result of the sale of a wastewater treatment facility a number of years ago by Castroville Sanitation District to the Monterey Regional Water Pollution Control Agency (MRWPCA); this fund itself generates additional income in the form of interest on principal. The proceeds and interest earned from the sale of the wastewater treatment facility are used to maintain, operate, repair, and construct sewer facilities in Zone1 necessary to connect to the MRWPCA treatment facilities. For this reason, no sewer user fees are assessed for Castroville (Zone 1) at this time. Also, a new lift station was installed in the new Sea Garden apartments and came on-line in September 2013.

Since 2011 the District has contracted with the County to provide operation and emergency response services to the Moss Landing County Sanitation District. In July of 2014 the District consolidated with the Moss Landing County Sanitation District creating Zone 3. Since acquiring the Moss Landing system the District has installed a state of the art remote control and monitoring system, replaced 3 damaged manholes and plugged the stormdrain inlets of 7 residences on Struve Road that caused a cross connection with the sewer system. Sewer fees for Moss Landing (Zone 3) are collected by the Monterey Regional Water Pollution Control Agency and then sent to Castroville Community Services District.

Moro Cojo (Zone 2) is assessed user fees for sewer. Monte Del Lago Mobile Home Park and North Monterey County High School are also assessed user fees for sewer.

Furthermore, areas with broken or damaged sewer mains were repaired or replaced, which in past years have resulted in a much more efficient and less costly operation and maintenance program. In addition, a SCADA system control was installed that greatly increased the District's ability to monitor and respond to all lift station concerns. Finally, the force mains were all "pigged" in 2008 to clear them of debris. The lift pumps were also repaired or replaced at all the lift stations.

ENTERPRISE-STORM DRAIN OPERATIONS

Storm Drain user fees are assessed for both Castroville (Zone1) and Moro Cojo (Zone 2). The storm drain system includes approximately 16 miles of main lines, four Vortec units, and one hundred seventy-eight catch basins. All basins were labeled with "Don't Dump, Flows to Bay." Currently, the District cleans the storm drain basins as needed as well as contracting with a private company for street sweeping as needed to help keep debris from plugging the storm drain system. In September of 2013, the Union Storm Drain Project was completed in coordination with Monterey County Public Works. The District installed the basins and pipe and Monterey County Public Works put in the street, curb and gutter. Finally, the Union alley stormdrain and Rico Street storm drains were also installed.

GOVERNMENTAL-STREET LIGHTS

Street light user fees are assessed for both Castroville (Zone 1) and Moro Cojo (Zone 2). The District is responsible for the electrical cost of these street lights to PG&E. Street lights are not metered and instead charged a flat rate fee, therefore, it is important that the District notify PG&E when a street light needs to be repaired. This fiscal year, 26 street lights have been repaired by PG&E. The District has also replaced the lights, ballasts, and hardware on the crossover walkway in Zone 1. A few years ago, a bulb-out was installed at the Castroville overhead sign to protect it from truck damage.

GOVERNMENTAL-OPEN SPACE

Only Moro Cojo (Zone 2) is assessed user fees for open space. The District is only responsible for open space maintenance on approximately 3 acres fronting the Moro Cojo subdivision (Zone 2). This maintenance is performed twice a year and contracted out to the North County Recreation and Park District.

GOVERNMENTAL-STREET MAINTENANCE

Only Moro Cojo (Zone 2) is assessed user fees for street maintenance. All streets were resurfaced and stop lines and limit lines stenciled for the streets in Moro Cojo during fiscal year 2013-14. For fiscal year 2014-2015, damaged street signs were replaced and graffiti was painted over.

GOVERNMENTAL-RECREATIONAL SERVICES

Recreational Services are extended services authorized to be provided by the District. The District can either provide services to its residents directly or may contract with another public agency to provide such services. Recreational funding is routed through the North County Recreation and Park District (NCRPD). Funds for NCRPD had been paid by CSA 14 before it was dissolved. Recreational funding is provided by ad valorem property tax revenues collected for Castroville (Zone 1). For fiscal year ended June 30, 2015, \$101,325 was provided to NCRPD for recreational funding of which \$1,325 was applied towards the tax measure. Currently the CCSD is helping the NCRPD with a tax measure to get them more fully funded. For clarification, revenues taxes used to pay NCRPD comes from ad valorem property taxes and may be used for any purpose the District is authorized to perform.

CAPITAL IMPROVEMENTS

This fiscal year the District completed the following capital improvement projects:

- Installed a motor at Well Site #3
- Installed and upgraded booster pumps at site #2 & #4
- Acquired the Moss Landing sewer system and its four Lift Stations
- Installed a SCADA system for Moss Landing –Zone 3 Lift Stations

Overview of the Financial Statements. This discussion and analysis are intended to serve as an introduction to the Castroville Community Services District's basic financial statements. The Castroville Community Services District's basic financial statements comprise four components:

- 1) government-wide financial statements,
- 2) governmental fund financial statements
- 3) proprietary fund financial statements, and
- 4) Notes to the financial statements.

The financial statements presented here include all the activities of the Castroville Community Services District. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the financial report present the District together with any component units that it has. The District has no component units as described in the GASB Statement.

This report also contains other supplementary information in addition to the basic financial statements themselves. In addition, there are several different types of financial statements within the first three groups identified above.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Castroville Community Services District finances, in a manner similar to a private-sector business. These government-wide financial statements can be found on pages 11-12 of this report. This statement presents a measure of all assets, liabilities, revenues, expenses, gains, and losses using the economic resources measurement focus using the accrual basis of accounting.

The *statement of net assets* presents information on all of the Castroville Community Services District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Castroville Community Services District is improving or deteriorating.

The *statement of activities* presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows (inflows and outflows of cash) in future fiscal periods (e.g., earned but unused vacation leave).

The activities of the Castroville Community Services District are conducted by the District; governed by its own five-person board of directors who are responsible for policy decisions, which govern the operations of the District.

Governmental fund financial statements

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Castroville Community Services District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Castroville Community Services District uses enterprise fund types of proprietary funds for its business type activities. The Castroville Community Services District uses governmental funds types for its governmental type activities. The Castroville Community Services District uses governmental funds to account for its street light, open space, and street maintenance operations. Ad valorem property taxes are used for recreational services. In addition, as mentioned earlier, revenue from ad valorem property taxes may be used for any purpose the Castroville Community Services District is authorized to perform. Governmental funds are used to report the same functions presented as governmental-type activities in the government-wide financial statements. The Castroville Community Services District uses governmental funds to account for its general government and recreation activities. Governmental funds financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Governmental funds provide the same type of information as the government-wide financial statements, only in more detail. The governmental fund financial statements provide separate information for the general government and recreation activities of the Castroville Community Services District.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Proprietary fund financial statements

Enterprise funds are used to report the same functions presented as business-type activities. The Castroville Community Services District uses enterprise funds to account for its water, sewer and storm drain operations.

The proprietary fund financial statements provide separate information for the water, sewer, and storm drain operations, which are considered to be the major funds of the Castroville Community Services District. Proprietary funds financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The basic proprietary fund financial statements can be found on pages 15-18 of this report.

Notes to the 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. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements can be found on pages 19-32 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Castroville Community Services District's progress in funding its obligations. Required supplementary information can be found on pages 33-38 of this report.

Government-wide Financial Analysis – Overall Financial Position

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Castroville Community Services District, assets exceeded liabilities by \$15,270,121 at the close of the most recent fiscal year.

By far the largest portion of the Castroville Community Services District's net assets \$9,241,103 (60 percent) reflects unrestricted net assets may be used to meet the District's ongoing obligations to citizens and creditors. An additional portion of the Castroville Community Services District's net assets \$5,299,101 (35 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The Castroville Community Services District uses these capital assets to provide services to citizens of Castroville. Consequently, these assets are not available for future spending. Although the Castroville Community Services District's investment in its capital assets is reported net of related debt, it is not a spendable resource. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net assets of \$729,917 (5 percent), are restricted for special revenue projects and for the Monterey County Assessment Bond.

Castroville Community Services District

**Table 1
Net Assets**

Description	Governmental –Type Activities		Enterprise - Type Activities	
	2015	2014	2015	2014
Cash and other assets	\$ 654,370	\$ 737,623	\$ 10,040,681	\$ 9,377,026
Capital assets	-	-	5,425,101	5,210,392
Deferred Outflows	-	-	18,884	-
Total assets	\$ 654,370	\$ 737,623	\$ 15,484,666	\$14,587,418
Other liabilities	\$ 1,665	\$ 6,634	\$ 628,307	\$ 202,475
Long –term liabilities outstanding	-	-	106,000	145,000
Deferred Inflows	-	-	132,943	-
Total liabilities	\$ 1,665	\$ 6,634	\$ 867,250	\$347,475
Net assets:				
Investment in Capital Assets	-	-	\$ 5,299,101	\$ 5,065,392
Restricted	\$ 652,705	\$ 730,989	77,212	76,285
Unrestricted	-	-	\$ 9,241,103	\$ 9,098,266
Total net assets	\$ 652,705	\$ 730,989	\$ 14,617,416	\$14,239,943
Total Liabilities and Net Assets	\$ 654,370	\$ 737,623	\$ 15,484,666	\$14,587,418

At the end of the current fiscal year, the Castroville Community Services District is able to report positive balances in its net assets. The same situation held true for the prior fiscal year.

Castroville Community Services District

**Table 2
Changes in Net assets**

Description	Governmental –Type Activities		Enterprise –Type Activities	
	2015	2014	2015	2014
Program revenues:				
Fines, fees and charges for services	\$ 67,231	\$ 66,626	\$ 1,179,601	\$ 1,013,480
Operating grants	\$ 1,246	\$ 6,924	-	-
Other general revenues	-	-	\$ 724,168	\$ 1,679,559
Total Revenues	\$ 68,477	\$ 73,550	\$ 1,903,769	\$ 2,693,039
Expenses	(146,761)	(272,383)	(1,351,196)	(1,366,329)
Transfers in (out)	-	\$ 145,353	-	(145,353)
Change in net assets	(\$ 78,284)	(\$ 53,480)	\$ 552,573	\$ 1,181,357
Net Assets, beginning, as restated	\$ 730,989	\$ 784,469	\$14,064,843	\$ 13,058,586
Net Assets, Ending	\$ 652,705	\$ 730,989	\$14,617,416	\$ 14,239,943

The District's Governmental-type activities net assets decreased in 2015 compared to 2014. The primary reason is that funds were provided to North County Recreation and Park District to provide extended recreation and park services. The Business-type activity reflects an increase in net assets in 2015 compared to 2014. The primary reason for this difference is that in 2015 higher than anticipated general revenue were received due to the dissolution of redevelopment agencies.

Proprietary funds. The Castroville Community Services District's proprietary funds provide the same type of information found in the government wide financial statements, but in a classified format. The reason they are similar is that business type activities in the government-wide financial statements are presented on the economic resources measurement same as the Proprietary funds presented in the fund level financial statements.

Financial Highlights

The assets of the Castroville Community Services District exceeded its liabilities at the close of the most recent fiscal year by \$14,617,416 (*net assets*) in its business-type activities and \$652,705 for the governmental-type activities.

The Castroville Community Services District's total liabilities decreased primarily due to the \$298,718 reduction in long-term obligations. The note payable with City National Bank was paid in full in November 2013 and scheduled bond payable payments for the Castroville Water Project Assessment District Bonds were paid.

Analysis of balances and transactions of funds

The District is a multi-purpose, proprietary entity, and as such, maintains multiple fund types and thus there are interfund balances. The analysis of balances is shown in tables one and two of this report, and in the section labeled "Financial Highlights." For further detailed information refer to "Statement of Activities" on page 12, which reflects changes in net assets as well.

Analysis of variations between original and final budget amounts

The District adopts its budget in accordance with California law. It is District policy to not modify the budget in total, although certain reallocations of expenditures may occasionally be made. The budget is adopted on a projected cash flow basis. It reflects items such as repayment of debt principal and projected capital expenditures as cash outflows that are not recognized as expenses under Generally Accepted Accounting Principles.

Budget variances are reviewed by District management on an ongoing basis as part of the financial management of the District. Budget variances during the year ended June 30, 2015 for Governmental activity consisted of:

Account	Budget	Actual	Variance	Explanation
Revenues:				
Investment Earinings	\$ -	\$ 1,246	\$ 1,246	Interest earned with LAIF
Charges for Services	66,700	67,231	531	Slightly over budgeted amount
Total Revenues:	\$ 66,700	\$ 68,477	\$ 1,777	
Expenditures:				
Street, St Lights & Open Space	\$ 51,000	\$ 45,436	\$ 5,564	Cost under budget for these services
Recreation	140,000	101,325	38,675	Certain funds allocated for tax measure
Total Expenditures:	\$191,000	\$146,761	\$ 44,239	
Excess (Deficeincy) of Revenus Over Expenditures	(124,300)	(78,284)	\$ 46,016	

Capital Asset and Debt Administration

Capital assets. The Castroville Community Services District’s investment in capital assets for its business type activities as of June 30, 2015, amounts to \$5,245,101 (net of accumulated depreciation). Investment in capital assets includes, water equipment, pumping equipment, lift station improvements, system improvements to storm drains and building improvements. The development of the new well, Well 5 (formerly Well 2b) is still in progress. Additionally, the District also acquired the Moss Landing sanitation system as of July 1, 2014. Still, the District had a slightly greater investment in capital assets this year in comparison to last fiscal year.

**Castroville Community Services District
Table 3
Capital Assets
(Net of depreciation)**

Major capital asset events during the current fiscal year included the following:

	2015	2014
Construction in progress	\$ 1,396,921	\$ 1,243,739
Sewer Equipment and Vehicles	820,358	791,519
Buildings and Improvements	659,082	659,082
Project, Wells, and Pipes	7,359,940	7,046,917
	\$ 10,236,301	\$ 9,741,257

Additional information on the Castroville Community Services District’s capital assets can be found in Note 3 on page 26.

Long-term debt. At the end of the current fiscal year, the Castroville Community Services District had total debt outstanding of \$126,000 comprised of improvement bonds. The Sewer Revenue Bond of 1983 for Moss Landing (Zone 3) has been paid in full.

**Castroville Community Services District
Table 4
Outstanding Debt
General Obligation and Revenue Bonds**

Description	2015	2014
Castroville Water Project Assessment District	\$ 126,000	\$ 145,000
Sewer Revenue Bond of 1983 – Moss Landing (Zone 3)	-	-
Totals	\$ 126,000	\$ 145,000

Additional information on the Castroville Community Services District's long-term debt can be found in Note 5 on page 27.

Infrastructure Assets

The District has adopted the recommended approach of GASB Statement No. 34 with regard to infrastructure assets. All identifiable infrastructure assets have been capitalized at their purchase cost, estimated value for contributed or donated assets, or estimated cost for those items expensed in prior years and not previously capitalized.

Economic Factors and Next Year’s Rates:

- The unemployment rate for Monterey County in which Castroville Community Services District is located is currently 6.3 percent, which is a decrease of 0.7 percent from a rate of 7.0 percent a year ago. This is comparable to the state's average unemployment rate at 6.2 percent but higher than the national average rate of 5.3 percent
- The District may consider raising water rates in 2016.

All of these factors were considered in preparing the Castroville Community Services District’s budget for the 2015/2016 fiscal year.

The District is required to adopt a budget by California law. Before the Districts adopts its budget, notice is hereby given that the preliminary budgets of the Castroville Community Services District of Monterey County for the fiscal year will be considered for adoption by the Board of Directors and are available at the following time and place within the District for inspection by interested taxpayers.

Requests for Information

This financial report is designed to provide a general overview of the Castroville Community Services District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Castroville CSD, 11499 Geil Street, Castroville, CA 95012.

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Board of Directors

Castroville Community Services District

Castroville, CA

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2-8 and 35-38 and the Schedule of Funding Progress on page 31 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Castroville Community Services District's basic financial statements. The accompanying combining and individual non-major fund financial statements and schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Castroville Community Services District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 30, 2015

Castroville Community Services District

Statement of Net Position

June 30, 2015

ASSETS	Governmental	Business-Type	Total
Cash and Investments	\$ 654,052	7,458,849	\$ 8,112,901
Restricted Cash	-	77,212	77,212
Investments	-	2,286,493	2,286,493
Accounts Receivable	-	85,791	85,791
Interest Receivable	318	6,373	6,691
Inventory	-	30,591	30,591
Prepaid Expenses	-	8,169	8,169
Organizational Costs	-	87,203	87,203
Capital Assets			
Nondepreciable, <i>Net</i>	-	1,602,531	1,602,531
Depreciable, <i>Net</i>	-	3,822,570	3,822,570
Total Capital Assets	-	5,425,101	5,425,101
Deferred Outflows of Resources	-	18,884	18,884
Total Assets	\$ 654,370	\$ 15,484,666	\$ 16,139,036
LIABILITIES			
Accounts Payable	1,665	37,934	39,599
Accrued Payroll	-	82,168	82,168
Refundable Deposits	-	62,976	62,976
Net Pension Liability	-	376,234	376,234
OPEB Liability	-	48,995	48,995
Long-term Debt			
Due within one year	-	20,000	20,000
Due in more than one year	-	106,000	106,000
Deferred Inflows of Resources	-	132,943	132,943
Total Liabilities	\$ 1,665	\$ 867,250	\$ 868,915
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	5,299,101	5,299,101
Restricted for:			
Monterey County Assessment Bond	-	77,212	77,212
Special Revenue Projects	652,705	-	652,705
Total Restricted Net Assets	652,705	77,212	729,917
Unrestricted Net Assets	-	9,241,103	9,241,103
Total Net Assets	\$ 652,705	\$ 14,617,416	\$ 15,270,121
Total Liabilities and Net Assets (memo only)	\$ 654,370	\$ 15,484,666	\$ 16,139,036

See Auditor's Report

The Notes to Financial Statements Are An Integral Part of This Statement

Castroville Community Services District

Statement of Activities

For the year ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Operating Expenses	Fines, Fees and Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	
Governmental Activities:						
Streets, Street Lights and Open Space	\$ 45,436	\$ 67,231	\$ -	\$ 21,795	\$ -	\$ 21,795
Public Works	-	-	1,246	1,246	-	1,246
Recreation	101,325	-	-	(101,325)	-	(101,325)
<i>Total Governmental Activities</i>	146,761	67,231	1,246	(78,284)	-	(78,284)
Business-type Activities:						
Water	749,041	836,045	-	-	87,004	87,004
Sewer	486,078	154,170	-	-	(331,908)	(331,908)
Moss Landing	116,077	189,386	-	-	73,309	73,309
<i>Total Business-type Activities</i>	1,351,196	1,179,601	-	-	(171,595)	(171,595)
Total Primary Government	1,497,957	1,246,832	1,246	(78,284)	(171,595)	(249,879)
General Revenues:						
Property Taxes				-	173,044	173,044
Investment Earnings				-	10,001	10,001
Miscellaneous				-	541,123	541,123
Total General Revenues				-	724,168	724,168
Change in Net Assets				(78,284)	552,573	474,289
Net Assets-Beginning				730,989	14,064,843	14,795,832
Net Assets-Ending				\$ 652,705	\$ 14,617,416	\$ 15,270,121

See Auditor's Report

The Notes to Financial Statements Are An Integral Part of This Statement

Castroville Community Services District
Governmental Funds
Balance Sheet
June 30, 2015

	<u>Zone 1 Castroville</u>	<u>Zone 2 Moro Cojo</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 499,449	\$ 154,603	\$ 654,052
Interest Receivable	210	108	318
Total Assets	<u>\$ 499,659</u>	<u>\$ 154,711</u>	<u>\$ 654,370</u>
LIABILITIES			
Accounts Payable	\$ 1,499	\$ 166	\$ 1,665
Total Liabilities	<u>1,499</u>	<u>166</u>	<u>1,665</u>
FUND BALANCES			
Fund Balance			
Restricted:			
Special Revenue Fund	498,160	154,545	652,705
Total Fund Balances	<u>498,160</u>	<u>154,545</u>	<u>652,705</u>
Total Liabilities and Fund Balances	<u>\$ 499,659</u>	<u>\$ 154,711</u>	<u>\$ 654,370</u>

Castroville Community Services District
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2015

	Zone 1 Castroville	Zone 2 Moro Cojo	Total Governmental Funds
REVENUES			
User Fees	\$ 33,416	\$ 33,815	\$ 67,231
Interest Income	1,246	-	1,246
Total Revenues	<u>34,662</u>	<u>33,815</u>	<u>68,477</u>
EXPENDITURES			
Current:			
Streets, Street Lights and Open Space	40,366	5,070	45,436
Recreation	101,325	-	101,325
Total Expenditures	<u>141,691</u>	<u>5,070</u>	<u>146,761</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(107,029)</u>	<u>28,745</u>	<u>(78,284)</u>
OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(107,029)	28,745	(78,284)
BEGINNING FUND BALANCES	605,189	125,800	730,989
ENDING FUND BALANCES	<u>\$ 498,160</u>	<u>\$ 154,545</u>	<u>\$ 652,705</u>

Castroville Community Services District

Statement of Net Position - Proprietary Funds

June 30, 2015

ASSETS

	<u>6/30/2015</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Moss Landing</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 2,156,755	\$ 496,540	\$ 105,654	\$ 2,758,949
Cash and Cash Equivalents, Designated for Capital Additions	1,136,034	3,319,659	180,333	4,636,026
Investments	-	2,286,493	-	2,286,493
Cash - Designated for Customer Deposits	61,973	1,901	-	63,874
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$1,200	49,241	-	36,550	85,791
Interest Receivable	2,282	4,000	91	6,373
Due From Other Fund	-	213,000	-	213,000
Supplies Inventory	27,528	3,063	-	30,591
Prepaid Expenses	3,676	3,676	817	8,169
Total Current Assets	3,437,489	6,328,332	323,445	10,089,266
<u>NON-CURRENT ASSETS</u>				
Property Plant and Equipment, Net of Accumulated Depreciation, Note 3	2,305,802	1,417,050	305,328	4,028,180
Construction in Progress	1,344,631	-	52,290	1,396,921
Total Property, Plant and Equipment	3,650,433	1,417,050	357,618	5,425,101
<u>RESTRICTED ASSETS</u>				
Cash and Cash Equivalents (Restricted)	77,212	-	-	77,212
Total Restricted Assets	77,212	-	-	77,212
<u>OTHER ASSETS</u>				
Organizational Costs, Net of Accumulated Amortization of \$36,466	-	87,203	-	87,203
Total Other Assets	-	87,203	-	87,203
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows of Resources	8,498	8,498	1,888	18,884
Total Deferred Outflows of Resources	8,498	8,498	1,888	18,884
Total Assets	\$ 7,173,632	\$ 7,841,083	\$ 682,951	\$ 15,697,666

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financials Statements

Castroville Community Services District
Statement of Net Position - Proprietary Funds (*continued*)
June 30, 2015

LIABILITIES AND NET ASSETS

	6/30/2015			Totals
	Water	Sewer	Moss Landing	
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 33,487	\$ 3,170	\$ 1,277	\$ 37,934
Accrued Payroll	37,758	36,715	7,695	82,168
Due to Other Fund	-	-	213,000	213,000
Customer Deposits	61,075	1,901	-	62,976
Current Note Payable	20,000	-	-	20,000
Other Post Employment Benefits	32,503	16,492	-	48,995
Total Current Liabilities	<u>184,823</u>	<u>58,278</u>	<u>221,972</u>	<u>465,073</u>
<u>LONG-TERM LIABILITIES</u>				
Bonds Payable	106,000	-	-	106,000
Net Pension Liability	169,305	169,305	37,624	376,234
Total Long-Term Liabilities	<u>275,305</u>	<u>169,305</u>	<u>37,624</u>	<u>482,234</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows of Resources	59,824	59,824	13,295	132,943
Total Deferred Inflows of Resources:	<u>59,824</u>	<u>59,824</u>	<u>13,295</u>	<u>132,943</u>
Total Liabilities	<u>519,952</u>	<u>287,407</u>	<u>272,891</u>	<u>1,080,250</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Deb	3,524,433	1,417,050	357,618	5,299,101
Restricted for Monterey County Assessment Bond	77,212	-	-	77,212
Unrestricted	3,052,035	6,136,626	52,442	9,241,103
Total Net Assets	<u>\$ 6,653,680</u>	<u>\$ 7,553,676</u>	<u>\$ 410,060</u>	<u>\$ 14,617,416</u>
Total Liabilities and Net Assets	<u>\$ 7,173,632</u>	<u>\$ 7,841,083</u>	<u>\$ 682,951</u>	<u>\$ 15,697,666</u>
Adjustment for elimination of interfund loan between Sewer and Moss Landing funds for consolidation purposes				(213,000)
Net Position of Business-Type Activities:				<u>\$ 15,484,666</u>

Castroville Community Services District

Statement of Activities - Proprietary Funds

For the Year Ended June 30, 2015

	6/30/2015			
	Water	Sewer	Moss Landing	Totals
<u>OPERATING REVENUES</u>				
Water Sales	\$ 831,348	\$ -	\$ -	\$ 831,348
Property Tax and User Fees	-	245,214	271,386	516,600
New Service and Connection Fees	4,697	-	-	4,697
ROPS Pass-Through Income	-	464,051	-	464,051
Other Revenues	53,923	23,149	-	77,072
Total Operating Revenues	<u>889,968</u>	<u>732,414</u>	<u>271,386</u>	<u>1,893,768</u>
<u>OPERATING EXPENSES</u>				
General Operation Expenses				
Depreciation Expense	202,750	76,478	19,145	298,373
Payroll and Related Expenses	77,329	78,359	17,637	173,325
Utility Expense	85,735	-	-	85,735
Water and Sewer Line Expenses	5,758	17,657	1,529	24,944
General Operations	16,872	3,453	609	20,934
Meter Expenses	6,538	-	-	6,538
Automobile Expenses	4,803	7,097	1,822	13,722
Lift Station Expenses	-	15,016	15,222	30,238
Well Site Expenses	15,476	-	-	15,476
Storm drain Expenses	-	7,124	-	7,124
Hydrant Expenses	866	-	-	866
Administrative Expenses				
Payroll and Related Expenses	206,944	201,133	45,876	453,953
Consulting Expenses	23,345	15,462	6,137	44,944
Office Expenses	26,741	15,558	3,962	46,261
Retirement Plan Contributions	34,708	30,019	-	64,727
Billing Expenses	13,317	-	-	13,317
Insurance Expense	10,490	10,302	2,418	23,210
Utility Expenses	3,484	3,652	774	7,910
Bond, Loan and Certificate Expense	-	646	946	1,592
Bad Debts	555	-	-	555
Total Operating Expenses	<u>735,711</u>	<u>481,956</u>	<u>116,077</u>	<u>1,333,744</u>
<u>NON-OPERATING REVENUES and (EXPENSES)</u>				
Interest Revenue	9,577	-	424	10,001
Amortization of Investment Discount	-	(4,122)	-	(4,122)
Bond Issue Cost Amortization	(311)	-	-	(311)
Interest on Long-Term Debt	(7,250)	-	-	(7,250)
Debt Administration Costs	(5,769)	-	-	(5,769)
Total Non-operating Revenues (Expenses)	<u>(3,753)</u>	<u>(4,122)</u>	<u>424</u>	<u>(7,451)</u>
Net Income Before Transfers	150,504	246,336	155,733	552,573
<u>TRANSFERS</u>				
Transfers In/(Out)	18,699	(13,508)	(5,191)	-
<u>CHANGE IN NET ASSETS</u>				
<u>NET ASSETS</u>				
Net Assets, Beginning of Year	6,701,786	7,538,157	307,583	14,547,526
Prior year Restatement for Pension Liability	(217,309)	(217,309)	(48,065)	(482,683)
Net Assets, Beginning of Year, Restated	6,484,477	7,320,848	259,518	14,064,843
Net Assets, End of Year	<u>\$ 6,653,680</u>	<u>\$ 7,553,676</u>	<u>\$ 410,060</u>	<u>\$ 14,617,416</u>

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements

Castroville Community Services District

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2015

	6/30/2015			
	Water	Sewer	Moss Landing	Totals
<u>Cash Flows From Operating Activities:</u>				
Cash Received from Customers	\$ 819,390	\$ 249,698	\$ 251,828	\$ 1,320,916
Other Cash Receipts	53,923	274,200	-	328,123
Cash Paid to Suppliers for Services and Inventories	(218,284)	(124,154)	(31,553)	(373,991)
Cash Paid to Employees for Services	(302,516)	(262,048)	(55,818)	(620,382)
Net Cash Provided By Operations	<u>352,513</u>	<u>137,696</u>	<u>164,457</u>	<u>654,666</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Debt Administration Costs	(5,769)	-	-	(5,769)
Interest on Long Term Debt	(7,250)	-	-	(7,250)
Payment and Current maturities of Long-Term Debt	(20,000)	-	(21,000)	(41,000)
Transfers Between Funds	18,699	(13,508)	(5,191)	-
Net Cash (Used) By Non-Capital Financing Activities	<u>(14,320)</u>	<u>(13,508)</u>	<u>(26,191)</u>	<u>(54,019)</u>
<u>Cash Flows from Capital Financing Activities:</u>				
Purchase of Property and Equipment	(24,419)	(11,008)	(82,957)	(118,384)
Additions to Construction in Progress	(100,892)	-	-	(100,892)
Net Cash (Used) By Non-Capital Financing Activities	<u>(125,311)</u>	<u>(11,008)</u>	<u>(82,957)</u>	<u>(219,276)</u>
<u>Cash Flows Provided by Investing Activities:</u>				
Purchase of Investments	-	(12,515)	-	(12,515)
Interest Earned on Operating Funds	9,002	25,418	333	34,753
Net Cash Flows (Used) by Investing Activities	<u>9,002</u>	<u>12,903</u>	<u>333</u>	<u>22,238</u>
Net Increase (Decrease) in Cash	221,884	126,083	55,642	403,609
Cash and Cash Equivalents at Beginning of Year	3,210,090	3,692,017	230,345	7,132,452
Cash and Cash Equivalents at End of Year	<u>\$ 3,431,974</u>	<u>\$ 3,818,100</u>	<u>\$ 285,987</u>	<u>\$ 7,536,061</u>
<u>Cash at End of Year is Composed of:</u>				
Cash, Restricted	\$ 77,212	\$ -	\$ -	\$ 77,212
Cash, Unrestricted	3,354,762	3,818,100	285,987	7,458,849
Total Cash	<u>\$ 3,431,974</u>	<u>\$ 3,818,100</u>	<u>\$ 285,987</u>	<u>\$ 7,536,061</u>
<u>Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities</u>				
Operating Income (loss)	\$ 154,257	\$ 250,458	\$ 150,542	\$ 555,257
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	202,750	76,478	19,145	298,373
Changes in assets and liabilities:				
Accounts Receivable	(16,655)	(208,516)	(19,558)	(244,729)
Prepaid Expenses	721	622	(377)	966
Inventory	2,049	(225)	-	1,824
Deferred Outflows	(8,498)	(8,498)	(1,888)	(18,884)
Accrued Payroll and Related Items	(18,243)	17,444	7,695	6,896
Deposits	(355)	-	-	(355)
Accounts Payable	23,667	(1,887)	6,044	27,824
Net Pension Liability	(48,004)	(48,004)	(10,441)	(106,449)
Deferred Inflows	59,824	59,824	13,295	132,943
Note Payable	1,000	-	-	1,000
Net Cash Provided (Used) by Operating Activities	<u>\$ 352,513</u>	<u>\$ 137,696</u>	<u>\$ 164,457</u>	<u>\$ 654,666</u>

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Operations:

Castroville Community Services District (the "District") is authorized by California Government Code Sections 6100 et seq. The District provides water, sewer, storm drain, street lights, open space, street maintenance and recreational services to residential and commercial customers in and around the Township of Castroville, California and sewer services for Moss Landing, California.

The District has defined its reporting entity in accordance with GASB Statement No. 14, "The Financial Reporting Entity," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity. The District's reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility. Oversight responsibility is determined on the basis of selection of the governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

Basis of Presentation:

The Castroville Community Services District's financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide Statements: The *Statement of Net Assets* and the *Statement of Activities* display information about the primary government (the District). These statements include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities*, which are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which are financed, in whole or in part, by fees charged to external parties.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for fund categories – *governmental and proprietary* -are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements. The District reported the following major funds in the accompanying financial statements:

Zone 1 Water Fund (Proprietary) – This fund accounts for all of the District's water resources.

Zone 1 and 2 Sewer Fund (Proprietary) – This Fund accounts for all of the District's sewer operations.

Zone 3 Sewer Fund Moss Landing (Proprietary) – This Fund accounts for all of the Moss Landing sewer operations.

Zone 1 Castroville (Governmental) – This fund accounts for the income and expenditures related to street lighting and recreation activities in Zone 1.

Zone 2 (Governmental) – This fund accounts for the income and expenditures related to the open space, street lighting, and Streets activities in Zone 2.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Accounting:

The Castroville Community Services District uses the accrual method of accounting for financial statement reporting purposes. Under the accrual method revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Reporting Entity:

The District's reporting entity includes all significant operation and revenue sources for which the District Board of Directors exercises oversight responsibility as determined under the criteria established by the National Council on Governmental Accounting Statement No. 3, as adopted by FASB. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. The financial statements of Castroville Water District include the financial activities of the District as well as transactions made by the fiscal agent under authority granted by the District in various resolutions authorizing the issuance of improvement bonds and water certificates. The District is exempt from federal income and state franchise taxes.

As of July 1, 2014, the District has consolidated with the Moss Landing County Sanitation District and as a result all financial assets of the Moss Landing County Sanitation District have been transferred to the District. Also as a result of the consolidation the District paid off the Moss Landing Sewer Bond in the amount of \$234,946.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The District maintains bank accounts at financial institutions located within the Counties of Monterey and San Francisco.

Cash and cash equivalents are summarized as follows:

	<u>2015</u>
FDIC Insured Accounts	\$ 231,060
Funds in County Treasury	77,212
Funds in CAMP	335,751
Funds in LAIF	7,545,290
Petty Cash	800
Total Cash	<u>\$ 8,190,113</u>

It is the District's policy to maintain all investments in insured accounts in the District's name. Assessments in excess of estimated current bond requirements of the District are deposited in the Local Agency Investment Fund. Said cash earns interest based on the fund's prorata share of the cash in the fund. In accordance with the Governmental Accounting Standards Board Statement 3 (i.e., Deposits with Financial Institutions, GASB 3), the cash is to be categorized to indicate the level of credit risk assumed by the Fund at year end. Substantially, all investments are insured or registered and held by the Fund or its agent in the agent's nominee name, with subsidiary records listing the Fund as the legal owner. Accordingly, said cash investment would be included in "Category 1" as defined by GASB 3. See Note 2 for further discussion of Cash & Cash Equivalents.

Investments

In December 2012, the District entered into an agreement with the CalTrust Joint Powers Authority to invest in the CalTrust Money Market Fund. The fair market value of the District's investment in the CalTrust Medium Term Fund at June 30, 2015 was \$2,286,493. The District's investment policy is based upon the provisions of the California Government Code commencing with Section 53600 governing the investments of local agency funds and deposits of public monies.

Accounts Receivable:

Accounts receivable as reflected in the financial statements are from customers whose property is located within the County of Monterey. Accounts receivable consists of amounts due from customers for water and sewer charges.

Inventories

Inventories are valued at cost, which approximates market. The District's inventory consists of parts and components for wells, lift stations and other infrastructure kept onsite.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Interfund Transfers:

Expenses are allocated between the Water Fund (45%), Sewer Fund (45%) and Moss Landing Sewer fund (10%). All expenses are paid out of the Water Fund's checking account. These expenses are shown as Interfund Transfers on the Statement of Net Activities.

Interfund Balances:

On the fund financial statements, interfund loans are classified as "due to/from other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

Capital Assets:

Minor expenditures for renewals and betterments are charged to expense. Major expenditures for renewals and betterments are capitalized. In cases where assets are donated to the District, construction costs or estimated market values are recorded. Costs of assets sold, retired or otherwise disposed of have been eliminated from the accounts, and gains or losses on disposition are included in operations.

The cost of property and equipment is depreciated over the estimated lives of the assets from date of acquisition based on the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Lives</u>
Buildings and Improvements	5-35 years
Water Equipment, and Vehicles	3-30 years
Sewer Equipment, and Vehicles	3-50 years
Hydrants	10-45 years
Meters	5-30 years
Projects, Wells, and Pipes	10-40 years
SCADA System	5 years
Telemetry System	5-7 years

Compensated Absences:

The District has recorded an accrual for compensated absences in accordance with the District's policy of paying for unused vacation time of employees. Sick leave is not included in the accrual as the District does not pay for unused sick time upon employee termination.

Employees earn vacation leave after six months of continuous employment as follows:

<u>Time of Employment</u>	<u>Accrual of Vacation Leave</u>
Six months to one year	40.00 hours earned
One to five years	6.67 hours per month
Five to ten years	10.00 hours per month
Ten or more years	13.33 hours per month

Customer Deposits:

New customers are required to provide deposits for service. The customer deposits held by the District are refunded upon termination of service or on written request after one year.

Restricted and Designated Assets:

Certain cash and investments of the District are classified as restricted because their uses are limited by commitments to customers for service deposits and to bondholders in accordance with bond covenants. Also, certain assets are classified as designated due to the Board of Directors designation for capital additions.

Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed. There were no assets donated to the District during the year.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Proprietary Fund Type Statement of Net Assets. Debt principal payments are reported as decreases in the balance of the liability on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Pensions

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

Net Assets/Fund Equity

The financial statements are presented using the net asset method. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Assets – This category presents external restrictions on net assets imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – This category represents net assets of the District not restricted for any project or other purpose.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred on debt issued to finance construction is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Balances – Governmental Funds

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the district's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

Unassigned – contains all other spendable amounts.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fund Balances – Governmental Funds (continued)

The District applies restricted resources first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the district considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Revenues – Operating:

Revenues, such as charges for services, result from exchange transactions, in which each party gives and receives essentially equal value. On an accrual basis, revenue from charges for service is recognized in the period in which the service has been completed. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues – Non-operating:

Revenues that result from non-exchange transactions or ancillary activities in which the District receives value without directly giving equal value in return, include investment earnings, subsidies, property taxes and ROPS revenues. On an accrual basis, non-exchange transactions is recognized in the period in which the ancillary activity takes place.

NOTE 2 – CASH AND INVESTMENTS:

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposits or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all public agency deposits. Under California law this collateral remains with the institution but is held in the District’s name and places the District ahead of general creditors of the institution.

Cash and Investments at June 30, 2015 are classified on the Financial Statements as follows:

Statement of Net Assets	Water Fund	Sewer Fund	Moss Landing Fund	Governmental Funds	Total
Cash and Investments	\$ 3,354,762	\$ 6,104,593	\$ 285,987	\$ 654,052	\$ 10,399,394
Restricted Cash and Investments	77,212	-	-	-	77,212
Total Cash and Investments	<u>\$ 3,431,974</u>	<u>\$ 6,104,593</u>	<u>\$ 285,987</u>	<u>\$ 654,052</u>	<u>\$ 10,476,606</u>

The District’s Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District. The following also identifies certain provisions of the District and California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Castroville Community Services District

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 2 – CASH AND INVESTMENTS, continued:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligation	5 years	N/A	100%	No Limit
U.S. Agency Securities	5 years	N/A	100%	No Limit
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A-I	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Reverse Repurchase Agreements	92 days	N/A	20%	No Limit
Demand Deposits	N/A	Highest Category	20%	10%
Medium Term Notes	5 years	A	30%	No Limit
Money Market Mutual Funds	N/A	Highest Category	20%	10%
Asset-Backed Securities	5 years	AA	20%	No Limit
State of California Obligations	5 years	N/A	100%	No Limit
Local Agency Investment Fund	N/A	N/A	\$50 million account	No Limit

The District must maintain required amounts of cash and investments with trustees or fiscal agents based on the terms of their debt agreements. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under the debit issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes.

The table below identifies the investment types that are authorized for investments held by fiscal agents.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>
Local District Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State of California Obligations	5 years	None	100%
California Local District Obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Bankers Acceptances	180 days	None	40%
Commercial Paper	270 days	A1/P1/F1	25%
Negotiable Certificates of Deposit	5 years	None	30%
Repurchase Agreements	1 year	Various	None
Reverse Repurchase Agreements	92 days	A	20% of Base
Medium Term Notes	5 years	Various	30%
Money Market Mutual Funds	N/A	None	20%
Collateralized Bank Deposits	5 years	AA	None
Mortgage Pass-Through Securities	5 years	None	20%
Time Deposits	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Country Pooled Investment Funds	N/A	None	None
Non-Negotiable Certificates of Deposit	1 year	None	100%

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity the more sensitive the investment is to market fluctuations.

Castroville Community Services District

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued):

The sensitivity of the District's investments is summarized by the following table. This table shows the maturity terms of the District's investments.

<u>Investment Type</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>Total</u>
LAIF	\$ 7,545,290	\$ -	\$ 7,545,290
CAMP	335,751	-	335,751
Monterey County Investment Pool	77,212	-	77,212
CalTrust	-	2,286,493	2,286,493
Total Cash Equivalents and Investments	<u>\$ 7,958,253</u>	<u>\$ 2,286,493</u>	10,244,746
Cash in Bank and on Hand			231,860
Total Cash and Investments			<u>\$ 10,476,606</u>

Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund was created by statute and began in 1977. The Local Agency Investment Fund is a voluntary program for California local governments and special districts. The Fund is administered by the California State Treasurer, and is enabled by Section 16429.1 et seq. of the California Government Code.

All securities purchased within LAIF are purchased under the authority of Government Code Section 16430 and 16480.4. All investments are purchased at market and a market valuation is conducted monthly. All District deposits with LAIF are available on demand.

California Asset Management Program (CAMP)

The California Asset Management Program is a Joint Powers Authority formed in 1989 by treasurers and finance directors of several local government agencies to provide professional investment services to California public agencies at a reasonable cost. CAMP offers investors the option of investing in either the CAMP money market portfolio, which is rated AAAM by Standard & Poor's, or other individually managed portfolios.

CalTrust Medium Term Fund

CalTrust is a Joint Powers Authority formed by the CSAC Finance Corporation and the League of California Cities to provide a convenient method for local agencies to pool their assets for investment. CalTrust offers local agencies the option of investing in either the Money Market, Short-Term or Medium-Term accounts, which are rated AAA by Standard & Poor's.

Credit Risk

Credit risk is measured by nationally recognized statistical agencies such as Standard & Poor's. Credit risk is simply the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The below table shows the credit ratings of the Districts Cash and Investments.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued):

Investment Type	Rating as of Year-End		Total	% of Total
	AAA	AAAm		
Monterey County Pool	\$ 77,212	\$ -	\$ 77,212	1%
CAMP Money Market Fund	-	335,751	335,751	3%
CalTrust Medium-Term Fund	2,286,493	-	2,286,493	22%
Total Cash Equivalents	\$ 2,363,705	\$ 335,751	2,699,456	
Not Rated:				
LAIF			7,545,290	72%
Cash in Bank and on Hand			231,860	2%
Total Cash and Investments			\$ 10,476,606	

NOTE 3 – CAPITAL ASSETS:

Capital assets at June 30, 2015 comprise:

	June 30, 2014	Additions	Dispositions	June 30, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$ 205,610	\$ -	\$ -	\$ 205,610
Construction in Progress	1,243,739	153,182	-	1,396,921
<i>Total Capital Assets not being Depreciated</i>	<u>1,449,349</u>	<u>153,182</u>	<u>-</u>	<u>1,602,531</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	659,082	-	-	659,082
Water Equipment, and Vehicles	435,825	12,815	-	448,640
Sewer Equipment and Vehicles	791,519	28,839	-	820,358
Hydrants	37,292	-	-	37,292
Meters	348,639	5,223	-	353,862
Projects, Wells, and Pipes	7,046,917	313,023	-	7,359,940
Telemetry System	173,095	-	-	173,095
<i>Total Capital Assets being Depreciated</i>	<u>9,492,369</u>	<u>359,900</u>	<u>-</u>	<u>9,852,269</u>
<i>Less: Accumulated Depreciation:</i>				
Buildings and Improvements	(267,792)	(13,212)	-	(281,004)
Water Equipment, and Vehicles	(369,145)	(14,194)	-	(383,339)
Sewer Equipment and Vehicles	(425,293)	(95,092)	-	(520,385)
Hydrants	(22,924)	(915)	-	(23,839)
Meters	(143,081)	(11,322)	-	(154,403)
Projects, Wells, and Pipes	(4,329,996)	(163,638)	-	(4,493,634)
Telemetry System	(173,095)	-	-	(173,095)
<i>Total Accumulated Depreciation</i>	<u>(5,731,326)</u>	<u>(298,373)</u>	<u>-</u>	<u>(6,029,699)</u>
Net Capital Assets being Depreciated	<u>3,761,043</u>	<u>61,527</u>	<u>-</u>	<u>3,517,242</u>
<i>Business-Type Activity Capital Assets, Net</i>	<u>\$ 5,210,392</u>	<u>\$ 214,709</u>	<u>\$ -</u>	<u>\$ 5,425,101</u>

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 4 – DUE TO/FROM OTHER FUND:

As a result of the consolidation with the Moss Landing Sanitation District in July 2014, the District’s sewer fund has paid the USDA Bond obligation of the Moss Landing Sanitation District in the amount of \$234,000. Therefore the total amount of the bond or \$234,000 was due from the Moss Landing Sewer Fund to the Zone 1 Sewer Fund. As of June 30, 2015 \$213,000 was due from the Moss Landing Sewer fund to the Zone 1 Sewer fund.

NOTE 5 - LONG-TERM DEBT:

Long-term debt and related current maturities as of June 30, 2015, are as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion</u>
Castroville Water Project					
Assessment District Bonds	\$ 145,000	\$ -	\$ 19,000	\$ 126,000	\$ 20,000
Total Business-Type Activity Debt	<u>\$ 145,000</u>	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 126,000</u>	<u>\$ 20,000</u>

Castroville Water Project Assessment District Bonds

On March 10, 1982 the District issued Water Project Assessment District Bonds, Series 1982-1 in the amount of \$465,000 at 5%, payable in semi-annual installments every January and July, maturing in 2021.

Debt Service Requirements

The annual requirements to amortize the principal and interest of the above long-term debt as of June 30, 2015 are outlined below.

Years Ending June 30,	Total Debt Service		
	<u>Principial</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,000	\$ 6,300	\$ 26,300
2016	21,000	5,300	26,300
2017	22,000	4,250	26,250
2018	23,000	3,150	26,150
2019	24,000	2,000	26,000
Thereafter	16,000	800	16,800
	<u>\$ 126,000</u>	<u>\$ 21,800</u>	<u>\$ 147,800</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN:

Plan Description

The District contributes to the California Public Employee's Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. The District’s plan is of the “Miscellaneous 2% at 60 Risk Pool” and “2% at 62 Risk Pool”. Those employees who first established CalPERS membership prior to January 1, 2013 without a break in service greater than six months participate in the “Miscellaneous 2% at 60 Risk Pool”. Employees hired on or after January 1, 2013 who participate in CalPERS for the first time and also those employees not eligible for reciprocity with another California public retirement system participate in the “Miscellaneous 2% at 62 Risk Pool”. PERS acts as a common investment and administrative agent for all participating public entities within the State of California. Benefit Provisions and other requirements are established by state statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the one of the following: the Basic Death Benefit, the Post-Retirement Survivor Allowance or the Optional Settlement 2W Death Benefit.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - DEFINED BENEFIT PENSION PLAN, (continued):

Employees Covered

Active	5
Transferred	2
Retired	3

Funding Policy

All full-time District employees must participate in PERS, based on state statute. The Plan requires participants to contribute an amount of 7% or 6.5% of their annual covered salary determined by actuarial valuation and which plan applies to employees as described in the paragraph above. The contribution rate for the 2013-14 fiscal year was 8.181% for those employees hired prior to January 1, 2013 and 6.70% for those employees hired on or after January 1, 2013 of annual covered payroll. For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan was \$42,081.

Pension Liability, Pension Expense and Deferred Outflow/Inflows of Resources Related to Pension

As of June 30, 2015, the District reported \$169,305 for its proportionate share of the net pension liability of its Plan. The District's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2013 was \$518,146 and June 30, 2014 was \$169,305. For the year ended June 30, 2015, the District recognized pension expense of \$42,081. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 34,697	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	(129,674)
Adjustment due to Differences in Proportions	(15,813)	(3,269)
Total	<u>\$ 18,884</u>	<u>\$ (132,943)</u>

\$34,697 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2016	\$ (33,586)
2017	(33,586)
2018	(33,351)
2019	(32,420)
2020	-
Thereafter	-

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - DEFINED BENEFIT PENSION PLAN, (continued):

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	3.30% to 14.20% (1)
Payroll Growth	3%
Investment Rate of Return	7.5% (2)
Mortality	XXX

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expense

The underlying mortality assumptions and all other assumptions used in the June 30, 2013 valuation were based upon the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS' website under Forms and Publications.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 676,593	\$ 376,234	\$ 126,965

Pension Plan Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - DEFINED BENEFIT PENSION PLAN, (continued):

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹An expected inflation of 2.5% used for this period
²An expected inflation of 3.0% used for this period

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 7 - SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

The District maintains bank accounts at various financial institutions. The balances of these accounts may occasionally exceed the FDIC insured amount of \$250,000.

NOTE 8 – POSTEMPLOYMENT HEALTHCARE PLAN:

The District has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The annual required contribution (ARC) was \$24,626 for the year ended June 30, 2015. The District has established an irrevocable trust in CalPERS California Employees Retiree Benefit Trust fund. The ARC was paid in full. Therefore, there is no increase to the OPEB Obligation during this year. The accumulated obligation at June 30, 2015 is \$48,995.

Plan Description

The post-employment benefit plan (the plan) is a multi-employer defined benefit healthcare plan administered by California Public Employees Retirement System (CalPERS). The plan offers lifetime medical benefits to certain eligible participants. Employees hired before January 1, 2013, that are at least 50 years of age upon retirement and have a total of 20 years of services with the District shall be eligible for 100% retiree health benefits for themselves and their qualified dependents upon retirement. Employee's hired on or after January 1, 2013, are at least 52 years of age upon retirement will receive the minimum employer contribution for health benefits upon retirement with CalPERS.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District's Board of Directors. The Employer's Contribution for each employee shall be the amount necessary to pay the full cost of his/her enrollment including the enrollment of family members in a health benefits plan or plans up to a maximum of total premium per month. 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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation

For fiscal year ended on June 30, 2015, the District's annual OPEB cost (expense) is calculated based on ARC of the employer, an amount actuarially determined in accordance with GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover *normal* cost and to *amortize* the unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed and changes to the District's net OPEB Obligation to the Plan.

Annual required contribution	\$ 24,626
Contributions made	<u>(24,626)</u>
Increase in net OPEB obligation	-
Net OPEB Obligation, beginning of the year	<u>48,995</u>
Net OPEB Obligation, end of year	<u>\$ 48,995</u>

Castroville Community Services District
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 8 – POSTEMPLOYMENT HEALTHCARE PLAN (continued):

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB Cost contributed to the Plan, and the net OPEB Obligation is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 25,805	\$ 25,805	100%	\$ 48,995
6/30/2014	\$ 24,626	\$ 24,626	100%	\$ 48,995
6/30/2015	\$ 24,626	\$ 24,626	100%	\$ 48,995

Funded Status and Funding Progress

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

Actuarial Method and Assumptions

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

For the year ended on June 30, 2015, the most recent actuarial valuation, the entry age actuarial cost method was used in the actuarial valuation. The District has seven eligible participants in total and six active employees that are eligible for the plan. Since the Plan includes fewer than 100 employees, GASB Statement No. 45 provides an alternate allowable method.

Actuarial Cost Method	Entry Age Normal
Valuation Date	6/30/2015
Inflation Rate	2.75% per year
Discount Rate	7.20%
Trend Rate	4.00%
Payroll Growth Rate	2.75%
Retirement Rates	CalPERS retirement rates for the 2%@60 Rates for Miscellaneous Employees
Turnover Assumptions	CalPERS turnover for Miscellaneous employees for all employees

CONTRACTS:

The District is under contract with two consulting companies for the Arsenic Removal from one of the District's wells. The contracts total \$1.4 million to be paid over the course of the next year.

Castroville Community Services District
Required Supplemental Information
For the Year Ended June 30, 2015
Last 10 Years*

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00605%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$376,234
Plan's Covered-Employee Payroll	\$420,797
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	89.41%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.38%
Plan's Proportionate Share of Aggregate Employer Contributions	\$51,050

*-Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

SCHEDULE OF PLAN CONTRIBUTIONS

	<u>Fiscal Year 2013-14</u>
Actuarially Determined Contribution	32,063
Contributions in Relation to the Actuarially Determined Contribution	(32,063)
Contribution Deficiency (Excess)	\$0
Covered-Employee Payroll	\$420,797
Contributions as a Percentage of Covered-Employee Payroll	7.62%

Notes to 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).

Change in Assumptions: None

*-Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

Castroville Community Services District
Required Supplemental Information
For the Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS
Of Other Post Employment Healthcare Plan

Postemployment Healthcare Plan

<u>Actuarial Valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL(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>
6/30/2013	\$ 54,614	\$ 280,722	\$ 226,108	19%	\$ 421,270	54%
6/30/2014	\$ 54,614	\$ 280,722	\$ 226,108	19%	\$ 458,354	49%
6/30/2015	\$ 116,340	\$ 329,827	\$ 213,487	35%	\$ 457,015	47%

Castroville Community Services District
Required Supplemental Information
Detailed Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Governmental Funds
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 1,246	\$ 1,246
Charges for Services and Other	66,700	66,700	67,231	531
Total Revenues	<u>66,700</u>	<u>66,700</u>	<u>68,477</u>	<u>1,777</u>
EXPENDITURES:				
Current:				
Streets, Street Lights and Open Space	51,000	51,000	45,436	5,564
Recreation	140,000	140,000	101,325	38,675
Total Expenditures	<u>191,000</u>	<u>191,000</u>	<u>146,761</u>	<u>44,239</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(124,300)</u>	<u>(124,300)</u>	<u>(78,284)</u>	<u>46,016</u>
NET CHANGE IN FUND BALANCE	<u>\$ (124,300)</u>	<u>\$ (124,300)</u>	<u>\$ (78,284)</u>	<u>\$ 46,016</u>

Castroville Community Services District

Required Supplemental Information

Statement of Activities

Budget and Actual - Water Fund

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<u>OPERATING REVENUES</u>				
Water Sales	\$ 831,500	\$ 831,500	\$ 831,348	\$ (152)
New Service and Connection Fees	4,000	4,000	4,697	697
Other Revenues	76,900	76,900	53,923	(22,977)
Total Operating Revenues	912,400	912,400	889,968	(22,432)
<u>OPERATING EXPENSES</u>				
General Operation Expenses				
Payroll and Related Expenses	78,750	78,750	77,329	1,421
Utility Expense	87,000	87,000	85,735	1,265
Water and Sewer Line Expenses	14,500	14,500	5,758	8,742
General Operations	16,800	16,800	16,872	(72)
Meter Expenses	5,600	5,600	6,538	(938)
Automobile Expenses	4,200	4,200	4,803	(603)
Well Site Expenses	15,600	15,600	15,476	124
Hydrant Expenses	2,000	2,000	866	1,134
Administrative Expenses				
Payroll and Related Expenses	206,108	206,108	206,944	(836)
Consulting Expenses	18,208	18,208	23,345	(5,137)
Office Expenses	37,330	37,330	26,741	10,589
Retirement Plan Contributions	31,790	31,790	34,708	(2,918)
Billing Expenses	13,250	13,250	13,317	(67)
Insurance Expense	11,538	11,538	10,490	1,048
Utility Expenses	3,748	3,748	3,484	264
Bad Debts	500	500	555	(55)
Total Operating Expenses	546,922	546,922	532,961	13,961
<u>NON-OPERATING REVENUES and (EXPENSES)</u>				
Interest Revenue	7,000	7,000	9,577	2,577
Bond Issue Cost Amortization	-	-	(311)	(311)
Interest on Long-Term Debt	(8,650)	(8,650)	(7,250)	1,400
Debt Administration Costs	(3,493)	(3,493)	(5,769)	(2,276)
Total Non-operating Revenues (Expenses)	(5,143)	(5,143)	(3,753)	1,390
Net Income Before Depreciation (Budgetary Basis)	360,335	360,335	353,254	(7,081)
<u>GAAP RECONCILING ITEMS</u>				
Depreciation	(220,000)	(220,000)	(202,750)	17,250
Total GAAP Reconciling Items	(220,000)	(220,000)	(202,750)	17,250
Net Income Before Transfers (GAAP Basis)	140,335	140,335	150,504	10,169
<u>TRANSFERS</u>				
Transfers In/(Out)	-	-	18,699	18,699
<u>CHANGE IN NET ASSETS</u>				
	\$ 140,335	\$ 140,335	\$ 169,203	\$ 28,868

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements

Castroville Community Services District
 Required Supplemental Information
 Statement of Activities
 Budget and Actual - Sewer Fund
 For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>OPERATING REVENUES</u>				
Property Tax and User Fees	\$ 252,800	\$ 252,800	\$ 245,214	\$ (7,586)
Connection Fees	3,168	3,168	-	(3,168)
Other Revenues	218,300	218,300	487,200	268,900
Total Operating Revenues	<u>474,268</u>	<u>474,268</u>	<u>732,414</u>	<u>258,146</u>
<u>OPERATING EXPENSES</u>				
General Operation Expenses				
Payroll and Related Expenses	274,463	274,463	279,492	(5,029)
General Operations	6,150	6,150	3,453	2,697
Lift Station Expense	22,100	22,100	15,016	7,084
Sewer Line	22,000	22,000	17,657	4,343
Storm drain Expense	14,700	14,700	7,124	7,576
Utility Expense	3,749	3,749	3,652	97
Retirement Plan Contributions	27,090	27,090	30,019	(2,929)
Insurance Expense	11,538	11,538	10,302	1,236
Office Expense	22,400	22,400	15,558	6,842
Consulting Expense	20,100	20,100	15,462	4,638
Automobile Expense	10,000	10,000	7,097	2,903
Bond, Loan and Certificate Expense	1,650	1,650	646	1,004
Total Operating Expenses	<u>435,940</u>	<u>435,940</u>	<u>405,478</u>	<u>30,462</u>
<u>NON-OPERATING REVENUES and (EXPENSES)</u>				
Amortization of Organizational Cost	(4,122)	(4,122)	(4,122)	-
Total Non-operating Revenues	<u>(4,122)</u>	<u>(4,122)</u>	<u>(4,122)</u>	<u>-</u>
Net Income Before Depreciation (Budgetary Basis)	34,206	34,206	322,814	288,608
<u>GAAP RECONCILING ITEMS</u>				
Depreciation	(69,352)	(69,352)	(76,478)	(7,126)
Total GAAP Reconciling Items	<u>(69,352)</u>	<u>(69,352)</u>	<u>(76,478)</u>	<u>(7,126)</u>
Net Income Before Transfers (GAAP Basis)	(35,146)	(35,146)	246,336	281,482
<u>TRANSFERS</u>				
Transfers In/(Out)	-	-	(13,508)	(13,508)
<u>CHANGE IN NET ASSETS</u>				
	<u>\$ (35,146)</u>	<u>\$ (35,146)</u>	<u>\$ 232,828</u>	<u>\$ 267,974</u>

Castroville Community Service District
 Required Supplemental Information
 Statement of Activities
 Budget and Actual - Moss Landing Fund
 For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>OPERATING REVENUES</u>				
Property Tax and User Fees	\$ 238,970	\$ 238,970	\$ 271,386	\$ 32,416
Other Revenues	-	-	424	424
Total Operating Revenues	<u>238,970</u>	<u>238,970</u>	<u>271,810</u>	<u>32,840</u>
<u>OPERATING EXPENSES</u>				
General Operation Expenses				
Payroll and Related Expenses	62,493	62,493	63,513	1,020
General Operations	1,550	1,550	609	(941)
Lift Station Expense	13,700	13,700	15,222	1,522
Sewer Line	3,000	3,000	1,529	(1,471)
Utility Expense	833	833	774	(59)
Insurance Expense	2,564	2,564	2,418	(146)
Office Expense	4,250	4,250	3,962	(288)
Consulting Expense	10,635	10,635	6,137	(4,498)
Automobile Expense	3,200	3,200	1,822	(1,378)
Bond, Loan and Certificate Expense	946	946	946	-
Total Operating Expenses	<u>103,171</u>	<u>103,171</u>	<u>96,932</u>	<u>(6,239)</u>
<u>NON-OPERATING REVENUES and (EXPENSES)</u>				
Net Income Before Depreciation (Budgetary Basis)	135,799	135,799	174,878	39,079
<u>GAAP RECONCILING ITEMS</u>				
Depreciation	<u>(19,859)</u>	<u>(19,859)</u>	<u>(19,145)</u>	<u>714</u>
Total GAAP Reconciling Items	<u>(19,859)</u>	<u>(19,859)</u>	<u>(19,145)</u>	<u>714</u>
Net Income Before Transfers (GAAP Basis)	115,940	115,940	155,733	39,793
<u>TRANSFERS</u>				
Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>(5,191)</u>	<u>(5,191)</u>
<u>CHANGE IN NET ASSETS</u>				
	<u>\$ 115,940</u>	<u>\$ 115,940</u>	<u>\$ 150,542</u>	<u>\$ 34,602</u>

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Board of Directors and Members
Castroville Community Services District
Castroville, California

Independent Auditors' 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.

We have audited, 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 Comp Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Castroville Community Services District's basic financial statements, and have issued our report thereon dated September 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Castroville Community Services 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 Castroville Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of Castroville Community Services 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 Castroville Community Services District's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

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.

September 30, 2015